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# BTN

BUSINESS TRAVEL NEWS



## PREMIUM TRAVEL

Premium class demand is expected to grow faster than airlines will add capacity in 2019, meaning higher fares. Time to adjust your travel policy.

PAGE 6



## MEETINGS MAVENS

Attorney John S. Foster drills down on specific hotel contract clauses and remedies that will safeguard your meetings and avoid disputes.

PAGE 8



## BLUEPRINT

Aventri's Brad Langley lays out four ways to level the playing field for a new generation of meetings buyers heading for the hotel negotiating table.

PAGE 20

## TOP STORY



BY AMON COHEN

# Prepping for a No-Deal Brexit: Is It Possible?

Will the U.K. exit the European Union on March 29, or will it postpone or cancel the scheduled divorce? If the U.K. does exit, will any continuity agreements be in place—for example, to keep planes flying between the two areas? Will flight disruptions occur? If they do, when will things be resolved? What about border controls, currency concerns, permission to drive, medical supplies, insurance? “I don’t know of anyone who has been able to make contingency plans because we are subject to too many ‘what ifs,’” said Nina & Pinta’s Tom Stone. And Carlson Wagonlit Travel’s Jo Hillman said, “I’ve never seen an issue with so much uncertainty about what the outcome could be.” What’s a travel manager to do?

FULL STORY ON PAGE 18

## ON THE HORIZON

# Biometric Boarding Is Here, & Terminals Are on the Way

BY DAWIT HABTEMARIAM

On Feb. 1, Lufthansa launched a boarding process for Flight 461 from Miami International Airport to Munich that uses facial recognition rather than boarding passes. That followed a trial—by Lufthansa, U.S. Customs and Border Protection and Los Angeles World Airports—of the biometric boarding program at the Los Angeles International Airport that began in March.

The carrier plans to expand biometric boarding to more U.S. airports, and it’s not alone. In fact, 71 percent of airlines and 77 percent of airports plan major R&D into biometrics ID management in the next three years, according to SITA. The efforts are expected to move travelers more efficiently, as the International Air Transport Association forecasts the number of air passengers will reach 8.2 billion globally in 2037,

double those who flew in 2017.

Most biometric projects, however, are local and limited in scope, said IATA head of passenger security Guido Peetermans. They don’t span the end-to-end travel experience from booking to destination, and processes, standards and technologies vary from one airport to another.

### How IATA Plans to Grease the Wheels

To encourage consistent practices and interoperability, IATA launched One ID in 2017. The initiative seeks to get passengers from curb to gate using biometrics. Rather than carry travel documents, a passenger would verify his or her identity using facial recognition, an iris scan or fingerprinting, either online or at the airport. At each

CONTINUED ON PAGE 3

## What’s Inside

### 3 ON THE HORIZON

- Corporate travel demand indicators open 2019 on a positive note

### 10 LODGING

- Marriott consolidates loyalty brands
- Downgraded 2019 U.S. hotel industry forecast

### 12 MEETINGS

- Amex M&E builds out Meetings Marketplace
- Aventri revamps platform

### 14 PAYMENT & TECHNOLOGY

- United tests blockchain settlement with ARC, Blocksky & large client

### 16 DISTRIBUTION

- TripActions launches new booking platform with Delta’s seal of approval

### 17 PROCUREMENT

- Executive Travel tests TMC model based on data transparency, blockchain & no fees
- Enterprise Holdings acquires Deem

## 4 | On the Record



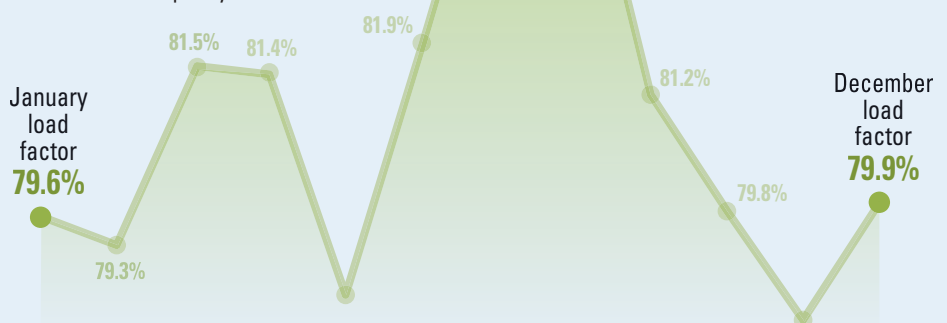
Cvent’s Reggie Aggarwal on making live inventory for small meetings available for booking

“We have the trust from the market, we have the infrastructure and we have the relationships, but it’s going to take an eight-figure investment to build.”

## 5 | Data Hub

### Supply & Demand on Crossborder Passenger Flights in 2018

More traffic & capacity data inside



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## Corporate Travel Demand Indicators Open 2019 on Positive Note

BY JAY BOEHMER

Each new year brings a new outlook, and by measures both anecdotal and numerical, corporate travel demand is off to a strong start in 2019. This is on top of what has proven to be a healthy 2018 for corporate travel demand.

The number of passenger trips processed by ARC-accredited travel agencies whose primary business is managed corporate or government travel rose 3.8 percent year over year in 2018. That was the highest growth rate since 2014, the first year for which ARC measured corporate passenger demand as such. The corporate category outpaced the 2.7 percent growth for the total universe of ARC-accredited agencies. While the travel industry enters 2019 with some caution—the partial U.S.

government shutdown impacted some operators, and concerns encircle the macroeconomic environment—major U.S. carriers were upbeat.

United Airlines president Scott Kirby said the first full workweek of any new year is a key indicator, “as business customers are back in the office and planning business trips. It’s the largest booking week of the year and the first opportunity to see what’s happened with corporate budgets.” Kirby liked what he saw, as business bookings, including from large corporate accounts and travel management companies, rose 11 percent year over year. “The world can certainly change going forward, but United Airlines’ demand remains solid, at least based on the data we have so far,” he said.

American Airlines shared an upbeat outlook, too. “We’ve seen strong corporate demand,” SVP of revenue management Don Casey said. As of its earnings call on Jan. 24, the airline’s negotiated corporate revenue domestically was up 10 percent, led by professional services. “We’re expecting similar performance in 1Q ’19, and that includes the impact of the government shutdown and the impact of the Easter shift,” he said.

Delta, too, had a positive read on the corporate travel environment, despite a discernable revenue impact in government travel. During the airline’s earnings call in mid-January, CEO Ed Bastian said corporate revenue in 2018 rose 8 percent year over year “and recent bookings show this trend continuing.” Delta attributed revenue growth to a rise in corporate fares, as well as passenger traffic, executives said. Delta president Glen Hauenstein said corporate bookings were trending up 7 percent from the same period last year, “with both fares and passenger volumes continuing to improve.”

Delta regularly surveys its clients to get a read on the corporate outlook. According to its latest review, 90 percent of travel managers surveyed by the airline plan to increase or maintain travel spending levels in 2019 from 2018, a 2-percentage-point improvement from a similar survey Delta conducted a year ago, Hauenstein said. ■

CONTINUED FROM FRONT PAGE

## Biometric Terminals

airport touchpoint, such as security, biometric technology would check the passenger’s admissibility based on the digital identity information linked to his or her biometric marker, said Peetermans. “It’s really about being recognized and receiving instant service, which will make the whole process more efficient, more seamless and obviously, in the end, more secure.”

One ID counts carriers, airports and government agencies as members, and IATA has been developing operational and process considerations for stakeholders. “What we are trying to do is sit down with governments and industry to see how we can connect the dots so we can make biometric and identity management applications interoperable, create standards and recommended practices so that everyone starts to work in the same direction, and connect all these processes with one another,” said Peetermans.

He pointed to Delta’s end-to-end-biometrics terminal at Hartsfield-Jackson Atlanta International Airport, Terminal F. Passengers flying directly from Atlanta to an international destination on Delta, Aeromexico, Air France-KLM or Virgin Atlantic can use facial recognition to get from curb to gate. Facial recognition checks each passenger against the passport on file with U.S. customs; the program is not limited to holders of U.S. passports. According to Delta, each passenger saved an average of two seconds at boarding, and the system trimmed an average of nine minutes from the entire boarding process for a widebody aircraft. The carrier plans to implement biometric boarding at Detroit Metro Airport this year.

### What’s Next?

“[Delta’s biometric terminal] is very much a local process that has been enabled by [U.S. Customs and Border Protection] and the crossborder travel verification system that CPB has built, which works in the U.S. but not necessarily across borders,” Peetermans said. That would require global digital identity standards that are trusted by all governments, as are e-passports, in which electronic chips contain travelers’ personal and biometric information.

Such standards have to come from the International Civil Aviation Organization, Peetermans said, and indeed ICAO is developing a digital travel credential, which would replace physical chipped e-passports with digital passports on travelers’ phones. “These standards are set to be released in the next couple of years, so as soon as two or three years, we might start to see the first countries experiment with that and start to issue digital travel credentials, in addition to your regular e-passport,” he said. That’s the type of advancement needed for biometric terminals like Delta’s to go global, he said. ■

### Traveler Perspective on Airport Biometrics

Forty-five percent of passengers are willing to replace their passports with biometric identification, according to an International Air Transport Association survey last year of 10,408 passengers from 145 countries. Another sign that travelers are open to the technology: In December, Delta launched a terminal in Atlanta that uses facial recognition. The carrier said that during the pilot, less than 2 percent of passengers opted out of the technology.

That doesn’t mean airlines or airports will require all travelers to allow biometrics in order to fly, though governments could. “Most privacy and data protection regulations have the concept of consent,” said International Air Transport Association head of passenger security Guido Peetermans. “If you give your consent, the information can be used to make your trip more seamless, and if you opt out, that’s fine. You can still do self-check in from your mobile phone or go to a desk at the airport.”



## Cvent's View of the Future

Cvent has spent the past two years integrating and upgrading technology after acquiring Lanyon and is in growth mode. CEO Reggie Aggarwal sat down with BTN editor-in-chief Elizabeth West.

### AT THIS TIME LAST YEAR, CVENT PROJECTED IT WOULD HIRE 1,000 PEOPLE IN 2018 TO SUPPORT GROWTH.

We're very close to 1,000, and that's additional hires, not filling existing positions. There are a lot of good companies out there and a lot of full employment. To get the quality we look for makes hitting that goal harder, so we are pretty excited that we are in the zone.

### WHAT ROLES WERE YOU AFTER, SPECIFICALLY?

Technology/engineering and client services are the top two growth areas. We now have about 1,400 people in tech; even larger companies than Cvent don't have that many engineers. We want to make sure we're extraordinarily innovative. On the client services side, we're around 1,200 people now. We can be the most innovative, fastest-growing company there is, but client services has to keep up with it. You never want to do the work to bring on the customer; give them the product and then trip at the finish line when they need the service. We learned this lesson a few years ago, during another rapid growth period. You have to meet the service demand.

### YOU'VE OPENED FOUR OFFICES IN THE PAST TWO YEARS: AUSTRALIA, DUBAI, GERMANY AND SINGAPORE. WHERE ARE YOU GROWING FASTEST?

Our fastest-growing [region] by raw dollars is still Europe. We opened an office in London [about five years ago] and most of our 150 people in Europe are in London, like 130 of them. We just opened Germany, so we'll start to see that impact this year, but Europe is our fastest-growing market. First: Because we've been there, we have great brand recognition there and we have the most people deployed against it. Second: because the market has adopted enterprise technology much like the U.S. and there's lots of opportunity to deepen our relationships there with our platform.

### SO MANY BUSINESSES ARE WATCHING ASIA/PACIFIC. WHAT'S THE MARKET LIKE THERE FOR CVENT?

Asia's consumer technology is advanced, but the business-to-business enterprise software market is different, for different reasons in each market. But one reason is because labor is cheaper and companies hire people instead of invest in the technology. Obviously, we are watching Asia, though. Our Singapore office allows us to enter through an English-speaking market, and we are targeting Hong Kong, another English-speaking market, through that office. What we continue to watch—both China and India—is the rise of the middle class and wage inflation because we believe that drives growth in the meeting and event market. When you make \$15,000 to be middle class, your company isn't likely to spend \$1,500 to send you to a conference, right? But now the wage rates are increasing on average 15 percent compounded [annually]. That means you're going to have magnitudes more travel. We've seen that with China, and as salaries go



Cvent's Reggie Aggarwal talks:

- Current growth mode
- Technology investment & the drive toward simplicity
- His vision for small meetings bookings



Visit [www.businesstravelnews.com/interviews](http://www.businesstravelnews.com/interviews) for more from Aggarwal, including the impact of Cvent's 2018 acquisitions of Kapow and Social Tables.

up, it makes more sense to invest in those employees going to events.

### YOUR BIGGEST TECH INVESTMENT EVER IS THE FLEX PLATFORM, WHICH BECAME GENERALLY AVAILABLE TO CLIENTS IN OCTOBER. HOW IS ADOPTION?

More than half of events are being built in the new technology as of January. There are a few features from the old platform that we still need to iterate in the Flex system. More people are getting on it every day, but change management is funny in that it's just hard to do something different than you are used to.

### ARE THERE COMPLAINTS ABOUT THE SWITCH?

Let me give you a quick story. Maybe seven years ago, I was one of the last holdouts of BlackBerry. When I got my iPhone, I was complaining constantly, but I was tired of carrying my BlackBerry and getting mocked at technology conferences. Then, I went to our India office, and they issued me a BlackBerry to use while I was there because calling would be cheaper, etc. Within the first 15 minutes, I was saying, "this sucks" about the BlackBerry. It's just change.

### LET'S SHIFT TO THE BUSINESS TRAVEL SIDE. HOW HAVE YOU INVESTED IN THE LANYON HOTEL RFP TECHNOLOGY, AND WHAT ARE YOU LOOKING TO DO WITH IT IN 2019?

We've put a lot of investment into product infrastructure and things like [General Data Protection Regulation] compliance and security. We did that so we could scale. It's like changing the foundation a little bit so you can build another floor onto a house. So that's what we spent a lot of 2018 doing. Now in 2019 and 2020, you're going to start seeing improvement in the user interface and we'll add more functionality. We've more than doubled the tech team on that product. The revenue has not doubled, but we are forward investing and the market is changing. It's interesting because transient contracts and RFPs are almost the opposite of a meetings RFP, which is much more transactional. Transient RFPs are sourcing a longer-term relationship, so there's a lot of complexity with that and the way the product is actually consumed.

### I'VE BEEN INTRIGUED WITH A COMMENT YOU MADE LAST SUMMER ABOUT PARTNERING WITH THE CVENT SUPPLIER NETWORK TO MAKE LIVE INVENTORY AVAILABLE TO BOOK FOR SMALL MEETINGS. IS THAT PROGRESSING?

No other company has been able to do this, and we invested in one many years ago that claimed to but was really just tricking the system. But it was a really great idea. We have the trust from the market, we have the infrastructure and we have the relationships, but it's going to take an eight-figure investment to build. I think by 2020, something will happen, but we need things to come together. I talked to the chief strategy officer at a large Vegas chain, and he said, "100 percent, we'll back you. We'll give you our inventory. I want to get those small meetings done [but] not by my sales team."

### EVEN IF YOU JUST HAD LAS VEGAS, THAT'S A GREAT TEST MARKET, A LOT OF MEETINGS.

And I can tell you right now, the reason it will eventually happen is because clients are demanding it and... the third parties don't love this business because the margins aren't there. It needs to be automated; that is the general sentiment. ■

# Supply & Demand on Crossborder Passenger Flights in 2018

The International Air Transport Association's crossborder, as opposed to domestic, passenger flight data is based on air carriers that are members of IATA.

## 2018 LOAD FACTOR

**81.2%**

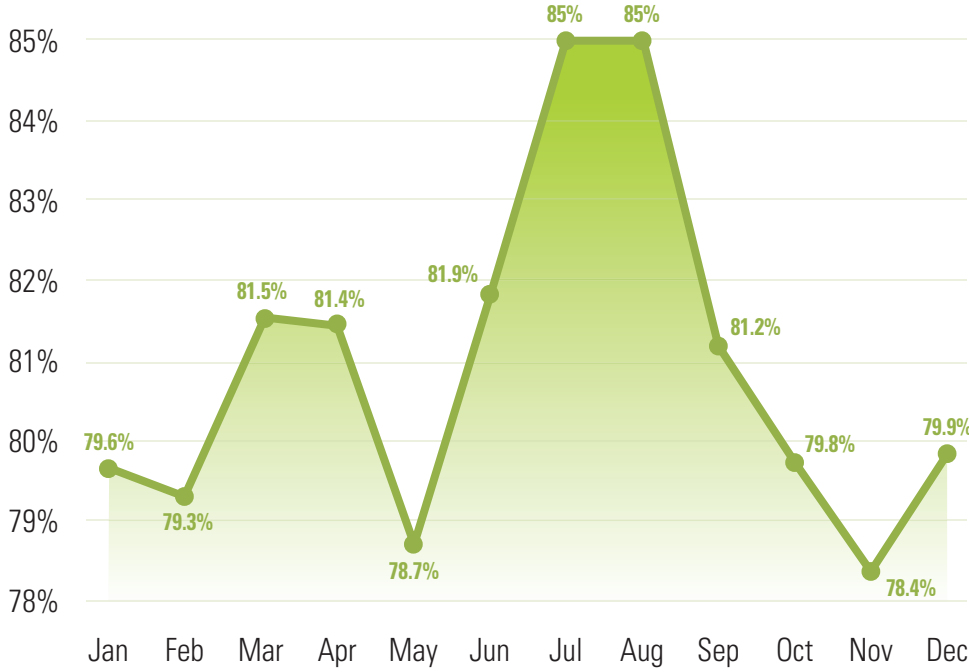
## CHANGE FROM 2017

**TRAFFIC:**  
**↑ 6.3%**

**CAPACITY:**  
**↑ 5.7%**

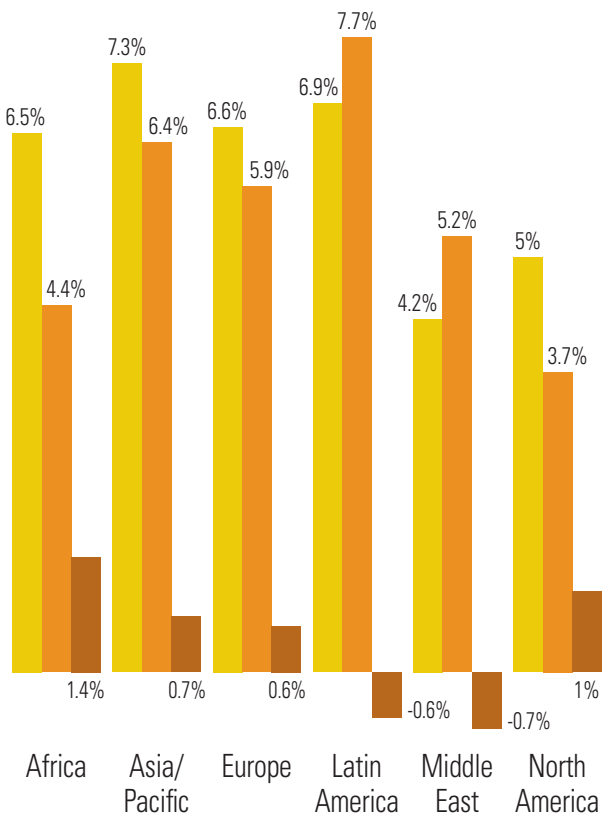
**LOAD FACTOR:**  
**↑ 0.4%**

## LOAD FACTOR THROUGHOUT 2018



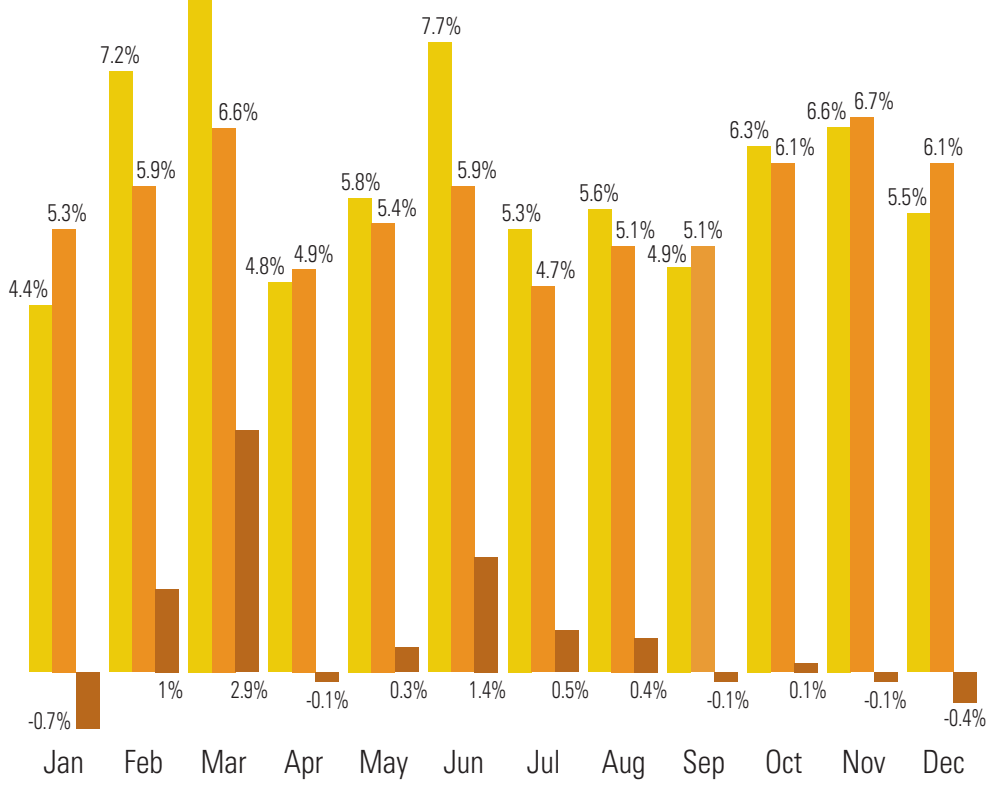
## CHANGE FROM 2017 FOR EACH REGION'S CARRIERS

■ Traffic ■ Capacity ■ Load Factor



## YEAR-OVER-YEAR CHANGE FOR EACH MONTH OF 2018

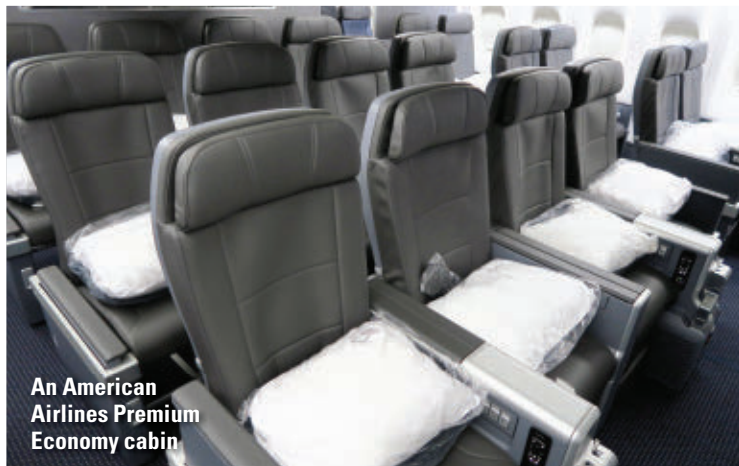
■ Traffic ■ Capacity ■ Load Factor





## Travel Policies Should Prepare for Premium Economy Expansion

BY MICHAEL B. BAKER



**A**s both scope of and demand for premium class air travel rise this year, travel buyers increasingly will need to tweak premium class travel policies to reflect the choices presented to their travelers.

In its 2019 Air Monitor, American Express Global Business Travel projects that demand for premium class travel will grow this year faster than airlines are adding premium capacity, which will lead to “strong fare increases to come across regional, transpacific and transatlantic routes.” Late last year, several carriers already began adding surcharges to business class fares, according to the monitor.

Even as airlines have been adding premium class products, “they’re taking planes and retrofitting them, not adding capacity,” Amex GBT EVP of global supplier relations Mike Qualantone said. “For the negotiating environment, capacity is still constrained.” In the meantime, some economy fares, particularly on transatlantic routes, will be stable, thanks in part to competition from long-haul low-cost carriers, according to the monitor.

So, does this potentially widening gulf between economy and premium fares mean more companies will tighten up their policies to reduce use of premium fares? Yes and no. Qualantone said overall, Amex GBT sees companies get stricter on business class. At this time, however, he sees a “strong openness” for the expanding middle ground: premium economy. “Corporates we’re talking to see this as a good option to give comfort and amenities to their travelers,” he said.

Premium economy—a distinct cabin from economy class, as opposed to “economy-plus” type offerings that largely are the same service offering as economy with more legroom and a few perks like priority boarding—has reached “critical mass” as U.S. carriers have expanded its availability on international routes, according to Amex GBT. United, for example, this month will begin adding 21 reconfigured Boeing 767-300ER aircraft, which adds 22 Premium Plus premium economy cabin seats and expands its Polaris class seating from 30 seats to 46 seats, to

its fleet. That process will continue through the end of 2020. The first will serve its Newark-London route. United EVP and chief commercial officer Andrew Nocella said the average Premium Plus fare is running double the economy fare, “above what we had planned for.”

American Airlines last year added its premium economy to 100 out of a total 124 planned aircraft, making it the carrier with the most aircraft with premium economy cabins in the U.S., president Robert Isom said. As with United, those fares are running at about double the economy fare. “Installations remain on track, and we expect them to be complete by this summer,” Isom said. “When we look at the booking profile for this product, it’s clear that customers are buying up from the main cabin.” Delta plans to deliver its Premium Select cabin to all its widebody flights by 2021.

As of yet, few corporations have incorporated premium economy into their policies, according to the monitor. Airlines, however, are “very open to negotiating premium economy,” eager for corporations to see it as an option for their travelers, Qualantone said. Airlines are finding other ways to expand demand for the cabin, such as American Airlines’ decision this year to enable them to be booked with miles. That strategy also will buffer them should the U.S. economy take a bad turn.

“If there was a downtick in demand, we’re more than confident that all the new products and services and ... the broad ways we’re able to offer them, including the pay-with-miles feature, would be able to offset weakness in demand,” Delta CEO Ed Bastian said. “Eventually, we will face a recessionary environment, and we’re planning for it.”

### History Repeating

For those with a few decades of experience in this industry, this evolution is nothing new, ICF Aviation Group VP Samuel Engel said. Decades ago, when Qantas, British Airways and the now-defunct Braniff pioneered different versions of business class products, the situation was “identical to the premium economy product today,” Engel said. “Corporate travel policy said you couldn’t fly first [class], but there was a willingness to spend more than the economy fare.”

Over time, business class has evolved with lie-flat seats, high-end dining options and other amenities that blur the lines between it and international first class, as opposed to simpler two-cabin first class on shorter flights. As such, international first class is “going the way of the dinosaur,” Tronos Aviation Consulting managing officer Gary Weissel said. “Only about 20 or 30 carriers are out there flying true international first class,” Weissel said. “Every few years, another carrier removes it.”

Its relevance to business travel also is in decline, Engel said. On a handful of routes, such as transcontinental U.S. routes, demand is such that investment bankers and other wealthy travelers are willing to shell out the high first class fares, he said. For much of the rest of the routes, first class serves as more of a “revenue management buffer,” via which airlines can overbook business class and use it as an upgrade reward for loyal business class customers. Or, it can serve as a “brand halo,” creating exquisite, headline-grabbing accommodations for brochures and publicity.

“When you think about Emirates, you think about first class in the A380 and its shower,” Engel said. “You never think about how they had the densest configuration in economy class.” Business class, meanwhile, is nearing the pinnacle of where it can go. New seat technology and adjustments to the geometry of layouts are allowing denser configurations without cutting down on personal space and enabling all seats to have aisle access, Weissel said. Outside of that, tweaks have been more minor, he said. Premium economy, thus, could become the new battleground for airlines wanting to outdo one another. “If you look at some of the more extreme, spacious premium economy seats, they look like business class was 10 or 15 years ago,” Weissel said. “There’s more functionality in the seats and leg rests.”

All this, of course, eventually will leave another gap between economy and the next level up, so airline marketers might as well start thinking of a name for that tier now. ■



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JL068/AA8446*	Daily	TOKYO(Narita) 18:05	✈ SEATTLE 11:05	Boeing 787-8

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# Contract Considerations

## ATTORNEY JOHN S. FOSTER DRILLS DOWN

Atlanta-based attorney John S. Foster has been preparing and revising hotel group contracts for nearly three decades. In addition to common attrition, cancellation and force majeure clauses, Foster recommends the following contract inclusions as told to BTN editor-in-chief Elizabeth West. Will these clauses always be accepted by the hotel? It depends on the demand in the market and the value of the business to the hotel.

“Some hotels will react because they’ve never seen these clauses before,” said Foster, “but there’s nothing here that goes against the hotels’ interests. Once the hotels figure that out, they usually don’t object.”

**PURPOSE OF THE MEETING.** This clause specifies the meeting’s purpose. For example, “to bring franchisees to the resort for a golf outing.” It functions with the force majeure clause, which protects each party should an event outside of either party’s control affect contracted performance obligations. Force majeure applies to four types of interference—illegality, impossibility, impracticability and frustration of purpose. Frustration of purpose is often overlooked. The purpose, though, must be specified in the contract to later claim it was frustrated. Should the golf course become unavailable over the contracted dates, for example, there’s no point in using the hotel for a golf outing, triggering the force majeure based on a frustration of purpose.

**GUARANTEED FUNCTION SPACE.** This clause guarantees that the function space committed by the hotel to the group cannot be changed without the group’s approval. With rising meetings demand, hotels are motivated to fit new business, which could mean adjusting space for existing groups as the puzzle comes together. This clause addresses that scenario, specifying that: 1) financial damages are not a remedy and 2) the group is entitled to the equitable remedy of specific performance. “The company doesn’t want money to solve the problem,” said Foster. “They want to compel the hotel to give them the space that was agreed to in the contract.”

**UNAPPROVED MISCELLANEOUS CHARGES.** “Onsite planners often get a master account at the end of a meeting that contains miscellaneous charges they didn’t agree to,” said Foster. This clause specifies that the group is not responsible for charges not specified in the agreement or later agreed to in writing, like an extra microphone requested by a speaker. This clause puts the burden on the hotel to get a signature from an authorized individual before the group is responsible for paying the charge.

**OVERBOOKED HOTEL PRIOR TO CHECK-IN.** If a group doesn’t pick up all the rooms it booked in the room block, it pays attrition. The overbooked clause is the reverse: If the hotel doesn’t give the group all the rooms in the contracted block, the hotel pays damages. “The block isn’t full, but the hotel sold out because it cut into the group’s block,” said Foster. In this case, the hotel will pay the group, X dollars per room night removed from the block as liquidated damages.

**AUDIT ARRANGEMENTS.** Some hotels have a standard clause that allows the buyer to send a rooming list and the hotel will do an audit to identify additional rooms booked outside the room block. That sounds nice, said Foster, but it’s not enough. “The buyer should have the right to independently verify the accuracy of a hotel audit to determine if all attendees were counted.” This means the group representative has a right to inspect all hotel records relating to the group’s attendance and the overall hotel occupancy. The clause also specifies that the group representative will sign a confidentiality clause.

**DATE CHANGE VERSUS CANCEL & REBOOK.** Hotels often treat meeting date changes as a cancellation and rebooking. This clause defines the circumstances under which a change should be treated as a simple date change. For example, the event will take place at the same hotel or another hotel with the same owner; the event has the same or greater revenue; and the change is made within X days of the

event date and within X days of the booking.

**BLOCKING PERSONAL WIFI HOTSPOT.** Blocking a personal WiFi is against Federal Communications Commission regulations, but hotels might attempt it to force meetings buyers to pay for hotel bandwidth. This clause specifies damages that the hotel will pay to the group—generally, this is equal to whatever cost the group incurred using the hotel’s WiFi.

**AVOID DOUBLE DIPPING.** This clause protects the group from paying both attrition damages and meeting room rental (unless the group’s rooms-to-space ratio is out of balance). It specifies that all rooms nights paid for as attrition damages will count towards complimentary concessions (e.g. complimentary space, free parking, comp guest rooms, free access to fitness center, etc.) based on room nights picked up. If a group does not meet its commitment, the sponsor should be allowed to pay the amount required to satisfy the commitment and reclaim access to those concessions and/or complimentary meeting space. Or, they could pay for the concessions and space on a pro-rate basis, but not the attrition. They should not pay both—since that would be paying twice to cure the same problem. “Most hotel contracts don’t provide for that,” said Foster.

**PERSONALLY IDENTIFIABLE INFORMATION/GDPR.** “Meeting sponsors have to make sure suppliers are complying with all U.S. privacy laws as well as the GDPR, when applicable,” said Foster. Outside of the data associated with sleeping rooms directly booked with the hotel, the General Data Protection Regulation holds the sponsor group—the data controller—liable even if the hotel—the data processor—has a data breach. The agreement should specify that the hotel will comply with all U.S. privacy laws as well as the GDPR requirements, when applicable, and that the hotel will hold the data controller harmless for any breach of privacy the hotel may have. ■

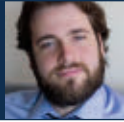
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**Seane**  
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## Marriott Consolidates Loyalty Brands

BY ADAM PERROTTA

Marriott International has rolled out Marriott Bonvoy to replace Marriott Rewards, The Ritz-Carlton Rewards and Starwood Preferred Guest. The last of those came under Marriott's corporate umbrella as part of its 2016 acquisition of Starwood Hotels & Resorts Worldwide.

The three loyalty brands unified operations in August. Members then could use one set of benefits and one rewards currency across Marriott's 29 hotel brands. SPG members received new account numbers consistent with Marriott's programs.

Marriott Bonvoy introduces new names for previous Elite status labels. Marriott Bonvoy Titanium Elite replaces Platinum Premier Elite, serving those who surpass 75 nights. Marriott Bonvoy Ambassador Elite replaces Platinum Premier Elite, serving members who surpass 100 nights and more than \$20,000 in spend annually. Under the new branding, the

Marriott Rewards Moments and SPG Moments, the experiential rewards programs, become known as Marriott Bonvoy Moments. The program features 120,000 experiences in 1,000 destinations worldwide, which travelers can access by redeeming points or by purchase.

The Marriott Bonvoy logo and branding began rolling out Feb. 13 across all consumer touchpoints, including property, marketing and sales channels, digital, mobile and co-branded credit cards. A global media campaign will support the rollout, Marriott said. A Marriott Bonvoy mobile app replaced the Marriott app via automatic update on Feb. 13. The SPG and The Ritz-Carlton Rewards apps deactivated on that date, the company said.

Marriott's loyalty program has earned high customer satisfaction ratings, but some observers argue that while the unified loyalty program offers more flexibility, former SPG members are finding it harder to earn points for credit card spending under Marriott's program, as points earned are less valuable than under the SPG program. That could lead former SPG members to begin "jumping ship in 2019 as Marriott makes free nights harder to earn," according to Executive Travel chairman and CEO Steve Glenn. ■

## Downgraded 2019 U.S. Hotel Industry Forecast

BY DAWIT HABTEMARIAM

Heading into 2019, group and corporate travel stays will be a consistent source of demand growth for hotel rooms in the U.S., according to STR VP Vail Ross, speaking on a panel at the recent Americas Lodging Investment Summit. "In 2018, we really saw the group demand start to come back, and we do foresee that staying there." Groups and corporate travelers won't be enough, however, to stave off the slowing demand growth for the U.S. hotel industry overall, according to the latest forecast from STR and Tourism Economics.

STR and Tourism Economics have downgraded their 2019 forecast for the U.S. hotel industry, now pegging year-over-year demand growth at 1.9 percent, compared to prior guidance that projected 2019 growth to hit 2 percent. This is the second consecutive downgrade in the 2019 outlook since August. The researchers expect demand to slow further in 2020 to 1.7 percent.

Supply growth also will slow to 1.9 percent in 2019 and 2020 respectively, leaving occupancy rates flat in 2019 at 66.2 percent and then dipping to 66.1 percent in 2020.

This year, the average daily rate for a hotel room in the U.S. will rise 2.3 percent year over year to \$132.81. The luxury segment is projected to post the strongest ADR growth at 2.5 percent. The report projects luxury ADR growth to continue in 2020, gaining another 2.2 percent to \$135.68.

Revenue per available room growth will slow to 2.3 percent in 2019. All segments will see growth for this metric, but it will be anemic compared to the 2.9 percent growth for the industry in 2018 and 2017, which was already the lowest annual RevPAR increase for the U.S. hotel market since 2009. Researchers expect RevPAR growth will sputter to 1.9 percent in 2020.

STR president and CEO Amanda Hite attributed the weaker forecasts to macroeconomic conditions. "Combine more pressure on occupancy levels with already subdued pricing confidence, concerns over labor costs, a cooling economic environment and the negative sentiment brought on by the recent government shutdown, and you have a recipe for diminished RevPAR growth."

Speaking on the ALIS panel, Kalibri Labs co-founder & CEO Cindy Estis Green noted the impact of online travel agencies on corporate and group rates and the resulting pressure on RevPAR: "The transparency of the online marketplace has brought [average daily] rates down. That means in the group space and the corporate space, you've got corporate travel managers and meeting planners who are looking at OTA rates as a reference point, so there is a tremendous amount of downward pressure on the rates." To drive RevPAR, she said, hotels

need a better strategy for managing the customer mix.

Ross said group and corporate stays show the best opportunities for hotels to maintain their desired ADR growth and occupancy growth rates. "If you dive even deeper and look at the performance of weekday versus weekend [demand], that weekday performance is also incredibly strong and is continuing to be strong, which would indicate groups, your corporate traveler, your business traveler is continuing to show up. Understanding that mix and seeing those opportunities are really where we have the most potential to keep that ADR growth and occupancy growth where we want it. That is one of things that is quite hopeful that we are seeing as we move into 2019," she said.

### What Happened in 2018

Demand for U.S. hotel room nights grew 2.5 percent year over year in 2018, compared with 2 percent growth in supply, according to STR. In raw numbers, a record 1.3 billion room nights sold in 2018, while the supply of room nights totaled more than 1.9 billion.

Occupancy, meanwhile, hit a record 66.2 percent, growing 0.5 percent. Occupancy at each upper-upscale and upscale hotels dropped, and STR expects another decline in 2019. Occupancy for the 25 U.S. markets with the most rooms declined 0.1 percent. Philadelphia had the highest increase, rising 3.8 percent to 71.1 percent. ADR grew 2.4 percent to \$129.83. For the 25 largest markets, it rose 2.7 percent, led by Miami, which increased 6.1 percent to \$199.35. RePAR grew for the ninth year in a row, inching up 2.9 percent to \$85.96. That rate was slower than the long-term average rate of growth. All hotel classes recorded gains. RevPAR for the 25 largest markets grew 2.5 percent. Minneapolis reported the largest spike, growing 6.9 percent to \$82.96.

The biggest drops in the three metrics all occurred in Houston, thanks to the exaggerated demand the prior year related to Hurricane Harvey; occupancy fell 5.3 percent year over year in 2018 to 63.1 percent, ADR dipped 2.4 percent to \$105.45 and RevPAR dropped 7.5 percent to \$66.57. ■



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## Amex M&E Builds Out Meetings Marketplace

BY ELIZABETH WEST

American Express Meetings & Events announced its Meetings Marketplace concept late last year, without much detail. In fact, BTN didn't cover the announcement because there wasn't enough information, either strategic or tactical. As the pieces fall into place, though, the picture has become clearer. In January, Amex M&E announced the Meetings Express product, which assembles regional simple meetings technology specialists into the Meetings Marketplace. This month, it announced a handful of additional marketplace technology partners: Attendify, DoubleDutch and Splash.

Attendify and Splash are new partnerships. The former is a lightweight mobile app that offers intuitive and easy-to-configure apps for simple events. Splash is a meetings and events registration-website builder that also provides attendee management software, onsite check-in technology and some real-time analytics. Attendee engagement app and analytics platform DoubleDutch is a renewal of an existing partnership, now placed in the context of the Meetings Marketplace.

But why? What's the point of the marketplace? "We wanted a strategy that would support all of our customers, from strategic meetings managers with a portfolio of meetings and events to our clients who may have an individual product launch," said Linda McNairy, Amex M&E VP of global operations and shared services. "While there are enterprise technologies that support a lot of these needs, there is not one single provider that touches

all of it. We wanted to bring forward the best solutions out there because there is not a silver bullet technology for all meetings and events. That's just the reality."

The strategy looks a little bit like meetings industry newcomer Event Tech Tribe in terms of bringing together a group of a la carte technologies from which customers can "architect" their own solutions rather than licensing a full platform like Cvent or Aventri (see *Aventri Revamps SMM Tech below*). Event Tech Tribe differentiates via back-end application programming interface connections required from each partner that allow event data to flow from one tool to the next.

Asked whether Amex M&E had a similar data flow and aggregation strategy behind the marketplace, McNairy said the connections would be in place "where it makes sense" but would not be a prerequisite for becoming a marketplace partner. "Efficiency is the key concept guiding all decision-making around Meetings Marketplace," she said. "Where it makes sense to have the solutions link—for example, the registration tool with the mobile app—we need to make sure the linkages are there. We'll have more announcements later this year on that and how, ultimately, it will enhance the net goal of attendee engagement. In other cases, like Meetings Express, we are linking relevant data not between the separate tools but to our Meetings Insights analytics platform. We are also doing

that with DoubleDutch data, which allows us to layer engagement data on top of so-called "traditional" strategic meetings management data from internal Cvent licenses so clients can start to look at meeting expense and drill down to how it aligns with engagement effectiveness. All in, we are looking to provide the connectivity where it drives meaning."

The ability to "layer" data gets at the ultimate goal of the Meetings Marketplace. At first blush, the platform might look like a play to attract midmarket meetings clients with a la carte tools as an alternative to enterprise meetings platforms. In fact, that is not the case. At least not entirely. Working with smaller, innovative players in the meetings technology space will open the horizon not only for midmarket clients but also for enterprise clients wanting to try new things, said McNairy. "Internally, we had that question of what types of clients were really right for these solutions," she said. "The response from enterprise clients has been somewhat surprising. They've been very supportive and eager to expand their capabilities through our partnerships."

Concerns about security, she said, have hindered enterprises from experimenting with new meetings technologies due to the amount of vetting many large corporations require before bringing in new providers. "Working with startups and smaller innovators in the space [introduces] opportunities for risk," she said. Amex M&E's marketplace aims to mitigate those concerns on the front end so clients have confidence moving forward with new ideas and so Amex M&E can drive successful outcomes. Our vetting process [for marketplace members] is not for the faint of heart. We make sure every partner is financially solid, and compliance is a primary focus, especially when it comes to data privacy and [the General Data Protection Regulation]. We ensure any contractors they use are compliant, we screen their workers. Obviously, we go through the legal part," she said.

Currently, the marketplace offers fewer than a dozen partners, but according to McNairy, a rapid influx of options will come in 2019. "It takes time and we want to move quickly, but we don't want to compromise key deliverables," she said. ■

## Aventri Revamps SMM Tech

BY ELIZABETH WEST

Meetings and events technology provider Aventri has redesigned the strategic meetings modules within its enterprise platform to absorb additional complexity under the hood and produce smoother processes for users. Similar to Cvent, it opted for deeply integrated modules as opposed to linking tech through application programming interfaces. According to chief technology officer Shane Edmonds, the company has been building and acquiring the elements that enable the end-to-end solution for several years. Strategic investment from private equity owner HGGC and buy-in from a mature Fortune 100 meetings client fast-tracked development.

Ease of use has been an advantage for Aventri technology, though sometimes at the cost of configurability for complex programs, said Edmonds. So the company improved meeting request and workflow capabilities to enable and integrate sourcing and approval processes for all types of events and to scale those processes to complex organizations. Aventri also incorporated an estimated budget in the meeting request form and a comprehensive budgeting module that provides clarity throughout the meeting life cycle.



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The platform taps Aventri's more than 200,000 hotels and venues globally for sourcing. The workflows steer meeting requests to centralized sourcing or back to the planner. Users log in to view sourcing requests, then click through to initiate search, compare bids and renegotiate. The tool tracks that process, including the negotiated savings. Workflow settings pass the meeting to additional approvals, if required, as well as to the contracting process. Events that are not approved at this stage are returned to the requestor for specific modifications. Email notifications link the user to the required task within the process. When completed, the request re-enters the workflow for final approvals and contracting. An enterprise meeting calendar centralizes all requested and approved meetings.

"All the data captured up to that point in the process flows right through to the planner: the budget they need to work under, the venue with all the content from our database," said Edmonds. The planner wants to take the event further with a mobile app. He said the planner experience is Aventri's strong suit and drives adoption through the organization.

Aventri also has upgraded its data aggregation and real-time reporting capabilities to deliver business intelligence on demand. New reporting includes cross-event data visibility and customizable reporting that can be scheduled and distributed automatically or accessed for ad hoc data mining. ■

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## United Tests Blockchain Settlement With ARC, Blockskye & a Large Client

BY JAY BOEHMER

United Airlines, ARC, a large corporate client of United and travel blockchain entrant Blockskye have completed a proof of concept to examine reporting and settlement through a blockchain ledger for flights booked on United's website. Following further testing, which should include live transactions by the unnamed client's corporate travelers this year, airline settlement clearinghouse ARC may expand the capability to other airlines.

For the proof of concept, shopping and booking were carried out on United's website, but the transaction records were shared in a distributed ledger that each party could access. "The proof of concept consisted of an end-to-end test that utilized the ARC private blockchain to report and settle United tickets," according to ARC. "ARC's secure system tracked ticket life cycles from issuance through settlement and identified all transaction modifications through smart contracts."

The test also simulated the movement of funds between the buyer and airline, though no money was actually transferred in the test. Blockskye handled the blockchain development and worked directly with the "top 10" corporate account "to make sure all the functionality they required on their side is handled in this new endeavor," said Blockskye president Michael Share, a travel management company vet who also is managing partner of Travel Leaders Next Corporate Travel, a Travel Leaders Group affiliate.

According to United managing director of distribution and ancillary pricing Jeff Christensen, the testing "allowed us to demonstrate the innovative capabilities that this technology enables but, more importantly, to simplify the payment and booking process for the corporate travelers and their employers. Time-consuming processes, such as receipt collection for expense reports, can be greatly improved, which will give travelers more time to be productive."

Participants said the blockchain test showed promise in data integrity and visibility. Further, it showed cost-savings opportunities because the transaction modeling was handled via the airline's website. Such directly booked transactions do not include TMC booking fees, global distribution system fees or overrides paid by airlines to agencies. Meanwhile, direct settlement, facilitated by ARC through the blockchain test, would cut out credit card fees.

ARC chief information officer and VP Dickie Oliver said the test "eliminated quite a bit of processing and fees associated with the movement of money." More important, he said, it also reduced "friction in the transaction." Blockchain ledgers often are regarded as a "single source of truth," as they capture and govern transactions through a single distributed and immutable ledger. "Anytime you're passing data files between



**Estimated savings per ticket, including costs both for purchasers & for airlines, according to Blockskye co-founder & CEO Brook Armstrong**



two large entities on a daily basis, data discrepancies occur and you have to have a whole team of people following up on that," said Oliver. "This really eliminates all of that by allowing each party to have their own access to the node. They're able to see and everybody agrees at the time the information's put on the node that it is accurate. It can be more real time, and it can be managed by the entity versus passing it through a third party. The big opportunity is eliminating those friction points that occur in the existing ecosystem."

Blockskye co-founder and CEO Brook Armstrong added: "When the reservation flows into ARC's system, it doesn't just flow out; we capture every single application of ARC's business and validation logic along the way, so we get this super data set on who did what, when, where, why, how and for what reason. This then becomes a next-generation data and reporting platform just in terms of the integrity."

Many managed travel professionals would spot shortcomings in the proof of concept's approach. Among those: booking direct. Armstrong acknowledged the limitations of using direct booking for corporate travel, as it eliminates comparison shopping and corporate travelers still would have to go elsewhere to handle lodging and ground transportation reservations. He doesn't expect the direct-to-airline model to resonate for groups and meetings travel or for complex international or multisegment trips, but "simple transient" is well-suited for booking direct in his view, he said.

### What's Next

Armstrong said Blockskye and the unnamed corporate client also are working on airline smart contracts. Those would govern the terms negotiated between airlines and buyers and "encode all the conditions and if/then commands of their corporate negotiated contract." That is an in-development effort, he said. "More than the savings and more than the data integrity, the corporate client is probably excited most of all about the idea that the contract is fully honored," said Armstrong.

Meanwhile, the next step of the settlement proof of concept will be live transactions, he said. In conjunction with United, ARC and the corporate client, he expects by June to expand tests to "actual travelers on actual planes having paid actual money integrated with the actual travel program, fully flowing into the billable and expense program and fully integrated with duty of care." This live test, he said, would be limited to several dozen travelers in the client's program.

United, too, is "building on lessons learned during the [proof of concept] to enable additional functionality and adding more travelers to the mix to help us refine the flow and process," United director of distribution Tye Radcliffe noted. "Ideally we will land on a simple process that could become a standard across the industry."

ARC, as an industry financial settlement system, is exploring other utility for blockchain and is open to similar tests with other carriers. Share said Blockskye's central ledger may extend to other airlines, as well as other supplier segments. Air Canada is engaged. Blockskye also is flirting with hotels. "When this gets closer to maturity, there's going to be multiple airlines and multiple hotels available," he said.

—Additional reporting by Michael B. Baker

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# TripActions Launches New Booking Platform with Delta's Seal of Approval

BY JAY BOEHMER & MICHAEL B. BAKER

Less than a month after Delta pulled its content from TripActions, it is returning with a vengeance as TripActions rolls out a new flight booking tool that is among the first to use ATPCO's Next Generation Storefront standards. "When TripActions came to us and asked what sort of display enhancements we were looking for, we presented them with our concept of the Next Generation Storefront," Delta managing director of global distribution strategy Jeff Lobl said. TripActions developed the new air shopping platform with Delta, American Airlines and United Airlines and started rolling it out to travelers on Feb. 6. It will become available to all travelers within a few months, said TripActions head of product Anique Drumright.

The platform is designed to enable travelers to better compare flight options based on the diverging classes of travel. Rather than sorting search results into the traditional tiers defined by individual airlines, the platform uses a six-star rating system developed by ATPCO to classify options based on product, ancillaries and restrictions. Basic economy fares, for example, would largely always fall in the one-star category, and standard economy fares would fall into the two-star category. Premium economy, business and first class options, however, can differ by airline, so the star categories give the traveler a better idea of what to expect. "TripActions' mission is to make everything as smooth, fun and easy as possible," said Ariel Cohen, CEO of the travel management company. "Airlines have all of these new cabins, and we're really bringing this together in our new platform."

Delta had pulled its content from TripActions in January ostensibly because the platform did not meet its display requirements. The new platform brought to a close a three-week period during which the digital-first TMC was unable to sell Delta content online. Regarding the new platform, Delta VP of global distribution and digital strategy Rhonda Crawford gave a shout-out to TripActions and its "leadership in setting a new gold standard for third-party displays." And Cohen said of Delta: "We have a really good relationship with them. We've created this entirely new shopping experience in collaboration with them and the other airlines—American, United—and ATPCO and so on. We've had our ups and downs, but we're in really good shape with Delta right now."

## Consistent Product Categorization

Last year, ATPCO and subsidiary Routehappy kicked off the Next Generation Storefront initiative for consistent characterizations of airline products, "similar to what happens in the hotel industry where you shop two-star or three-star hotels," ATPCO CEO Rolf Purzer said in December. Even then, it wasn't decided which methodology the industry would use to

### ATPCO's Next Generation Storefront

**A six-star system creates consistent standards for sorting flight search results, cutting across airlines' diverging cabin classes.**



Basic economy largely will fall in this category.



Standard economy usually will fall in this category.



Premium economy, business class and first class will differ by airline, based on product, airlines & restrictions.

rate products. "The industry has to decide what are these like-type airline products and services that can be put into a category—maybe good, better, best or one-star, two-star, three-star—and to place that in all channels but particularly the indirect channels so that comparison shopping is made available," Purzer said at the time.

The "good, better, best" idea was a nod to product descriptors in the Sears, Roebuck and Co. catalogs of yore. ATPCO and airlines opted for star ratings. Through the Next Generation Storefront initiative, ATPCO is the arbiter of the stars and oversees which product attributes are required to earn each rating. "The ownership of the matrix and the star ratings has to be with a neutral, respected party that can develop something on behalf of everyone," said Delta's Lobl. He marveled at how fast the initiative ramped up. In October, it was still a concept backed by large U.S. carriers. Approximately four months later, the earliest iteration is going live with TripActions. "Nothing in this space moves that quickly," Lobl said. "I think it just goes to show how big the need was for change here."

Crawford said Delta is working with other providers to develop tools that meets the ATPCO standards but added, "It's no surprise that a small tech startup in Silicon Valley would beat the others to the space." An ATPCO spokesperson also said it's working with other "innovators" to put the standards into practice.

## TripActions' New Shopping Interface

Star ratings aren't the only element of TripActions' flight shopping interface. "We will be rolling out first on web, and then there will be a fast follow on mobile," Drumright said. The platform pulls in data from global distribution systems and direct relationships with airlines, as well as on-time performance data from FlightStats and Universal Product Attributes and amenity data from Routehappy, which ATPCO acquired last year.

A big reason airline execs praised TripActions' shopping enhancements is that TripActions articulates airline products and services to shoppers beyond price, schedule, carrier and cabin. Other third-party shopping displays have presented similar content, but TripActions is pushing seat maps and product photos; flight-specific data on the availability of amenities like inflight Wi-Fi, entertainment and meals; branded fare descriptors that list perks and restrictions of various airline fare offers; and historical on-time performances of flights.

"This new product creates infrastructure to support really, really rich content," Drumright said. "We and the airlines have the same end consumer, which is the traveler. Our traveler wants choice. They want details. They want amenities. They want flight-quality stats. That's really what we focused on providing at every point of the booking process."

Companies also can color code flights to show travelers what is in policy. "When you're thinking about creating a great experience, you're talking about choice and speed," Drumright said. "I can immediately see what's in my policy and aligned with my company, and the results I am mostly likely to book will be at the top." She added: "Not only are we taking a major step forward in the data we're ingesting, but we've taken an even greater step forward in how we're displaying that content. It's immediately available at the time of search and it just unfolds in front of you." ■



## Executive Travel Tests TMC Model Based on Data Transparency, Blockchain & No Fees

BY JAY BOEHMER

Several years ago, Lincoln, Neb.-based travel management company Executive Travel launched a no-fee option for online-originating transactions. The catch: Clients that took the deal had to source all hotels through the agency to generate a revenue stream that would fund online fulfillment, online booking tool fees and some profit margin.

Since then, CEO Steve Glenn has set his sights on “zero/zero,” as in \$0 in fees for online bookings and \$0 for offline bookings. He thinks he’s found the path, and it involves a financial model tied to client revenue performance, blockchain-based smart contracting to govern deals and data access that gives transparency to each side. Those are three foundational components to Executive Travel’s new TMC model, which should be available to clients and prospects this year.

Regarding the financial model, most TMCs make money through transaction fees that clients pay for each online and offline transaction but also bring in revenue through supplier and intermediary revenues, including hotel commissions, global distribution system incentives and airline overrides. With a no-fee model, Executive Travel is focused on the latter revenue bucket. “Even though it’s zero/zero, it has to be profitable, and of course, the profits come from hotels, GDS and other ancillaries,” said Glenn.

How can a TMC thrive on that? Glenn’s approach to grow revenue and sustain such a model is “performance-based pricing.” This means the more revenue a client generates in intermediary and supplier revenue

for the TMC, the lower its fees go—all the way down to “zero/zero.” Indeed, Glenn said fees could be higher, depending on the revenue profile, and it could even go subzero, meaning revenue sharing or rebates for the client. “We think the model of the future will be performance based,” he said. “It’s saying to a corporate customer: ‘Your pricing is based on what your consumption is, the type of consumption and the performance on the revenue it can generate.’”

So, how do you measure and build trust in such a model? This is where data transparency and blockchain-based smart contracts come in, Glenn said.

The model requires a high degree of transparency, and that cuts both ways. The client gets a full view of all revenue the TMC makes on that account, while the TMC gets a full view of client spending. That includes TMC access to both payment data and supplier data to make sure the client is pushing as much spend through the agency as it can. “That’s another thing a company has to do: They have to allow us to access their data,” said Glenn. “The nice thing is: There’s very good data aggregation now in the form of Domo and others that give us the ability to capture multiple levels of data that we couldn’t before and that would be the basis for the blockchain smart contracting.”

That’s the third foundational piece: the blockchain-based smart contract that “will measure and contract and price based on performance,” said Glenn. Executive Travel has enlisted blockchain developers from outside

the travel industry to build out the smart contracting system. This is in development, said Glenn. “A lot of industries are looking at smart contracting through blockchain, which would allow, basically, from a reporting model to be able to identify the performance of the client, based on the revenue generated, and be able to decide what the pricing is on a real-time basis.” That means pricing is not static. It can vary on revenue performance, which could be assessed quarterly, semiannually or at some other interval, said Glenn.

He expects the model to be an option for clients and prospects by the end of the third quarter this year. This awaits finalization of the smart contract system, more financial modeling by the TMC to make sure the business model is sound, and further testing. “We have to test and retest and retest,” he said. “We don’t want to get egg on our face.”

Glenn isn’t sure how the market, clients or prospects will respond or who will be brave enough to take the leap with the TMC. He said TMC pricing models, revenue streams and sustainability are regularly called into question and that there is some mistrust among buyers on how TMCs get their revenue. He said this new structure is sustainable and transparent. “We’re excited that this creates a new model that aligns the customer with the TMC and with the vendors, too, because we have to perform for the vendors for the customer to earn the savings as well,” he said. ■

## Enterprise Holdings Moves from Investor to Owner of Deem

BY MICHAEL B. BAKER

Enterprise Holdings acquired corporate travel technology platform Deem and will maintain it as an autonomous operation while providing the resources to speed up Deem’s development plans.

Deem will stay in its Silicon Valley headquarters and retain its executive team, including CEO John Rizzo. Enterprise Holdings chief strategy officer and EVP Greg Stubblefield said that was an important term of the acquisition. “We looked at Deem as a company that can bring better solutions to the travel industry,” Stubblefield said. “Deem has a great platform and partnerships with agencies and travel management companies, so the value we can bring is from a resource point of view and a human resource point of view to help them build out that platform.”

Enterprise and Deem already had an established relationship, as Enterprise has been an investor in Deem for several years, Stubblefield said. Enterprise’s EHIDirect booking platform for small and midsize enterprises is powered by Deem technology, and last year, the companies teamed up on a car

and driver service for travelers in China. They are looking at offering similar services in other geographies, he said.

For Deem, it will be “business as usual,” Rizzo said. The company over the past few years has narrowed its focus to its managed travel and ground transportation offerings, including the launch of its Work Fource platform and the Ground Work ground technology platform within that. “With Enterprise, it will be a whole different world,” Rizzo said. “There’s a long list of things on the road map like in the ridehailing area and integrating more deeply on that, and customers should feel that we’re moving faster.”

“Business as usual” also means that Deem will continue to work with competing car rental suppliers, including content and agreements like its recent deal to provide Avis India’s chauffeured services through Deem. ■



## Can Travel Managers Prep for a No-Deal Brexit?

BY AMON COHEN

With just over five weeks remaining until the U.K. exits the European Union on March 29 and no one on this planet knowing what form that departure will take, travel management professionals are sitting frustratedly in limbo. “I’ve never seen an issue with so much uncertainty about what the outcome could be,” said Jo Hillman, senior director of sales for the U.K. and Ireland at Carlson Wagonlit Travel.

The U.K. Parliament remains deadlocked over options ranging from postponement—and potential abandonment—of Brexit to crashing out with no divorce agreement, an outcome that would affect business travel, and indeed everything to do with business, much more drastically. “I don’t know of anyone who has been able to make contingency plans because we are subject to too many ‘what ifs,’” said Tom Stone, partner at consultancy Nina & Pinta. There is no point, for example, in urging employees to avoid travel in the days following Brexit, Stone believes, because “if disruption does occur, and I’m not convinced it will, they won’t fix it in a week.”

Yet, while there is little evidence of travel managers preparing comprehensive strategies, some are taking piecemeal precautions. “We are not actively encouraging or booking London



Heathrow as a stopover airport for indirect flights,” said Rue-diger Bruss, travel and mobility category manager for German tire manufacturer Continental. However, that is the only decision Continental has taken so far regarding travel. “We are making plans for production, logistics and supply chain, but we will deal with anything around travel when it comes up, just as we would a strike or weather situation,” said Bruss. “It’s not central to our business and completely unknown.”

Some U.K.-based travel managers also are making preparations, according to Sandy Morning, director of education for the U.K. and Ireland’s Institute of Travel Management. In particular, they are rethinking that end of the spectrum where business travel merges into mobility and HR: issues like long-term assignments and relocation. “Companies are looking at whether to place their people into the EU and whether they need to rotate them because they may not be

### Consequences of a No-Deal Brexit



#### FLIGHTS

Crucially, the European Commission said in December it would allow flights into and over the EU from the U.K. until March 30, 2020, providing the U.K. reciprocates. But two big concerns need watching. The first is that the European Commission has given guidance that flight volume in 2019 must be capped at 2018 levels. The International Air Transport Association, though, estimates up to 5 million extra seats are scheduled for 2019 and will be “at risk” should no deal happen. “There is legal and commercial uncertainty over how the commission’s plan to cap flight numbers will work,” said IATA director general and CEO Alexandre de Juniac. The second problem is that the European Commission will make no exceptions to its rule that only airlines majority-owned by European Economic Area—the EU plus Iceland, Liechtenstein and Norway—or Swiss nationals may operate flights within the EU. This is a complex issue involving not only equity but also voting rights and affects EasyJet and Ryanair plus International Airlines Group carriers Aer Lingus, Iberia and Vueling. All have stated they are confident they can comply by March 29, but there is no certainty yet about any of them.



#### COST

Banks expect the pound to fall in the event of a no-deal, having, after the 2016 referendum, plummeted to and remained at its lowest levels against the U.S. dollar in 25 years. If the pound falls again, hotel, restaurant and other costs would rise even higher for overseas trips by U.K. travelers. Conversely, prices would theoretically fall further for visitors to the U.K., but there may be inflationary pressures, too. Speaking on condition of anonymity, one travel manager working in the U.K. public sector warned: “Nearly half of hotel staff in the U.K. are non-U.K. nationals, working for wages the British wouldn’t accept. The hotel industry will have to up its wages and pass the cost on, so we run the risk of rates going through the roof.” One other issue to consider is GDP growth or contraction. Barclays has said demand uncertainty caused by a no-deal could push down airfares.



#### BORDER CONTROLS

The U.K. government is warning citizens that U.K. passports with less than six months left before expiry may not be accepted by EU countries. Meanwhile, European tourism association ETOA has cautioned travelers to expect longer queues at both ends, with the EU, for example, taking an average of 90 seconds longer to process passport holders from outside the union. Both the EU and U.K. have assured visa-free travel if the other side reciprocates. However, from 2021, U.K. passport holders will have to apply to travel visa-free through the online European Travel Information and Authorisation System, similar to the U.S.’s Electronic System for Travel Authorization.



#### INSURANCE

All EU citizens are eligible for European Health Insurance Cards, giving them the right to state-provided healthcare while visiting any EU country. Under a no-deal, EHC cards for travelers based in the EU would no longer be recognized in the U.K. Meanwhile, U.K. citizens’ EHC cards would be invalidated everywhere. Travel managers may wish to check their insurance arrangements.



#### DRIVING

The U.K.’s Foreign and Commonwealth Office has advised passport holders they may need to carry an International Driving Permit in addition to their driving license when visiting some EU countries.

able to settle there,” said Moring. “One travel manager told me she had not used serviced apartment providers before but suddenly they are becoming her best friends.”

Moring also flagged concerns among travel managers whose companies send personnel to emerging economies and are reporting shortages in the U.K. of health essentials like prophylactics for malaria. “These travel managers say there are already some problems in getting medical supplies, and their view is it’s only going to get worse,” Moring said.

Then there is the question of how to advise travelers. Moring said travel managers are urging building more time into trip agendas because of potential extra delays at borders. Clive Wratten, CEO of travel management company Amber Road, said his company is briefing clients about issues like International Driving Permits and passport validity (see *Consequences of a No-Deal Brexit* below left).

TMCs also are having to make

their own contingency plans. “We have imposed a staff leave embargo one week either side of 29 March. We feel a bit naked because it is so close and we still don’t know what is going to happen,” Wratten said. Hillman said CWT senior leaders have held numerous planning calls because “if planes are grounded, it will be our job to support clients with their travel plans. It’s very unlikely, but we have to make sure we are ready.”

What is much more likely is disruption to the lives of EU-national employees living in the U.K. and vice versa, a common phenomenon in an inherently cosmopolitan sector like business travel. “Our services are increasingly digital, so for us, it’s more a case of what do we do for people working for us from the EU. We have been taking steps to make sure they are OK,” said Hillman.

Analysis of bookings by CWT suggests Brexit already is affecting business travel. Bookings to and from London City Airport, which largely handles business passengers flying to and from the EU, have fallen markedly since the U.K.’s Brexit referendum in June 2016. At the same time, bookings to Dublin have risen substantially. Financial services companies, in particular, have been relocating jobs to the Irish capital since the referendum, although Dublin also has been thriving as a high-tech hub.

FCM Travel Solutions sees a distinctly mixed picture. “Some clients are cutting spend on internal travel, but it is hard to know if that is Brexit related,” said U.K. general manager Jo Greenfield. “FCM saw 17 of our top 20 U.K. clients uptrade by anything from 5 to 400 percent in 2018. We foresee an increase in travel to and within Europe as companies look to outsource business functions and set up shared services in markets like Poland.” ■

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## Hotel Meetings Negotiations: Four Quick Tips

BY AVENTRI VP OF CHANNEL & PARTNER MANAGEMENT  
BRAD LANGLEY

It works. Hotel sales managers live by it, and meeting planning teams use it to score the best prices on meetings and events. I'm talking about hotel negotiations. Despite best efforts, though, many buyers fail to get results. They show up at the bargaining table having done all their homework but walk away emptyhanded. Is it because they aren't trained as negotiators but are facing off with hotel sales veterans, who take classes with names like Negotiating to Win? Maybe, but the problem also runs deeper. For a new generation of meeting buyers, conventional negotiating methods are fundamentally flawed. Here are four ways traditional tactics fall short, along with tips to level the playing field.

### 1. Traditional negotiation methods don't play to young professionals' strengths.

A Nielsen survey found Millennials rank technology use as the most defining characteristic of their generation (24 percent), followed by music/pop culture (11 percent). At 77 million strong in the U.S., Millennials are transforming the workplace with new forms of digital communications they find more efficient. Messengers and task managers are streamlining workflows and enabling speedy information exchange and quick discussions on vital issues. So when it comes to something so crucial as hotel negotiations, why limit communications to old-fashioned methods that rely primarily on emails and phone calls?

**The Fix:** Venue sourcing solutions are evolving to meet the needs of younger professionals. New tools add speed, transparency and enhanced documentation to communications. They simplify negotiations for planners across generations and expedite the process of getting meeting booked.

### 2. Don't bog down decision-making.

Getting bids takes longer when handled by email alone because many people put off replying. Plus, mission-critical messages get lost, mixed in with marketing promotions and other emails.

**The Fix:** Strategic sourcing tools streamline communications and facilitate fast responses. Take the comparative bid summary, for example. This tool automatically calculates costs and savings and reformats bids in a dashboard with side-by-side comparisons. To create short lists, meeting buyers click the hotels they like. The bid summary eliminates awkward back-and-forth email requests for better deals and puts the power in buyers'



hands. A buyer connects with a venue directly through a rebid button and dashes off a message specifying the changes the hotel needs to make to stay in the running. Nothing personal, you know? A sales manager makes his or her revisions through the tool, which updates the bid summary automatically. The technology simplifies bidding for suppliers and saves buyers hours of work compiling comparisons in a spreadsheet.

### 3. Avoid RFP spam.

The RFP receives widespread criticism as a slow tool with a low response rate. This problem results from "RFP spam." The tech makes it so easy to send RFPs that buyers may be tempted to include 50-plus hotels on each RFP. Venues in turn conclude they have little chance of getting the business, so they take their time, eventually submitting incomplete bids, or they don't respond at all.

**The Fix:** Let hotels see all venues copied on the RFP and later all those on the short list. It's important for planning teams to qualify hotels upfront and limit each RFP to three to eight venues. This sets up a competitive bid environment while letting sales managers know they have a real shot at winning your business. The result? Increased response rates. Hotels act fast and send complete proposals the first time.

### 4. Stop scrolling through back-and-forth email threads.

With occupancy at record highs and availability low, it's tougher than ever to manage the cluster of communications surrounding every bid. Important concessions can get lost, scattered across emails.

**The Fix:** The best negotiation trackers capture and store the entire bid history of each venue in one place. These dashboard-driven solutions give meetings buyers more control. All the information they need for negotiations is at their fingertips. Teams can easily compare bids by venue and view data on booked room nights by brand to leverage spend. One-click rebid functionality encourages competition among hotels for added savings. What about more complex negotiations beyond rates and concessions? Creating companywide concessions and contract clauses is a best strategic practice. Require venues to agree to them before submitting bids. That eliminates often difficult back-and-forth discussions on topics like group attrition and food-and-beverage-minimum guarantees.

### Bottom Line

Am I saying email is out for Millennial planners? Absolutely not. Adobe's 2018 Consumer Email Survey found email is still the top engagement channel across generations. However, consumers' preference for other channels like instant messaging, face-to-face meetings, video conferencing and chatbots has grown and it has translated into expectations for business technologies and interactions. Email is alive and well for meetings communications, but it's not the only way to reach hotels and decision makers. ■

Business Travel News (USPS 0728-870, ISSN 8750-3670) February 18, 2019 Issue 849 Vol. 36, No. 2. Business Travel News is published monthly except semi-monthly in March, April, May, and June and thrice-monthly in October by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094 (201) 902-2000, and is distributed free of charge to qualified corporate travel buyers and travel agents specializing in business travel in the United States and Canada. The cost of a print subscription to non-qualified subscribers is \$129 in the U.S.; \$142 in Canada and Mexico; and \$210 in other foreign locations; the cost of a digital edition subscription is \$65; payable in advance in U.S. dollars. Registered for GST as Northstar Travel Media USA GST No. 264513185. Canadian GST #123397457. Periodicals postage paid at Newark, NJ, and additional mailing offices. Business Travel News is a trademark owned exclusively by Northstar Travel Media. Copyright © 2019 by Northstar Travel Media, LLC. Reproduction of this magazine, in whole or in part, is prohibited unless authorized by the publisher. Editorial and advertising offices: 100 Lighting Way, Secaucus, NJ 07094. For all circulation inquiries, including new subscriptions, renewals, cancellations, changes of address and problems with missed deliveries, contact customer service by mail at Business Travel News, P.O. Box 2007, Skokie, IL 60076; by phone at (800) 248-0588; fax at (847) 291-4816; e-mail at btn@omeda.com; or www.businesstravelnews.com/subscribe. POSTMASTER: Send change of address to Business Travel News, P.O. Box 2007, Skokie, IL 60076. Printed in the USA. 

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