

BTN

BUSINESS TRAVEL NEWS

12:10pm CST Tuesday, March 26

Raleigh-Durham

Flight 1788

Depart: 11:20am

Arrive: 2:50pm EDT

Status: On Time

New Booking: Platinum / oneworld Sapphire

Upgrade Requests	
1. J. SMITH	2. M. JONES
3. A. BROWN	4. K. WHITE
5. L. GREEN	6. P. BLACK
7. R. GOLD	8. S. SILVER
9. T. BRONZE	10. V. IRIDIUM

Checked
 First Class Seat Remaining
 Business Class Seats Remaining
 Upgrade Requested

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Priority privileges for corporate customers

Experience our newly enhanced corporate traveler benefits

American Airlines 

BTN

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Upgrade Requests

1. AAJL	✓	2. B7
2. AAJL	✓	3. B7
3. AAJL	✓	4. B7
4. AAJL	✓	5. B7
5. AAJL	✓	6. B7
6. AAJL	✓	7. B7
7. AAJL	✓	8. B7
8. AAJL	✓	9. B7
9. AAJL	✓	10. B7

✓ Clean
✓ First Class Seating
✓ Business Class Seating
✓ Premium Economy Seating
✓ Priority Boarding
✓ Priority Baggage
✓ Priority Check-in
✓ Priority Security
✓ Priority Lounge Access
✓ Priority Restroom Access
✓ Priority Transfer Access
✓ Priority Parking
✓ Priority Ground Transportation

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✓ Clean
✓ First Class Seating
✓ Business Class Seating
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✓ Priority Baggage
✓ Priority Check-in
✓ Priority Security
✓ Priority Lounge Access
✓ Priority Restroom Access
✓ Priority Transfer Access
✓ Priority Parking
✓ Priority Ground Transportation



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American Airlines 





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SEPTEMBER 17-19, 2019

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BUSINESS TRAVEL NEWS



NEXT GENERATION STOREFRONT

How the standard for airline retailing & distribution works, plus the potential & the hazards.

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LODGING

Travel managers grapple with reort fees as attorneys general in all 50 states and the District of Columbia investigate the growing use of “drip pricing” in the hotel industry.

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VOICES

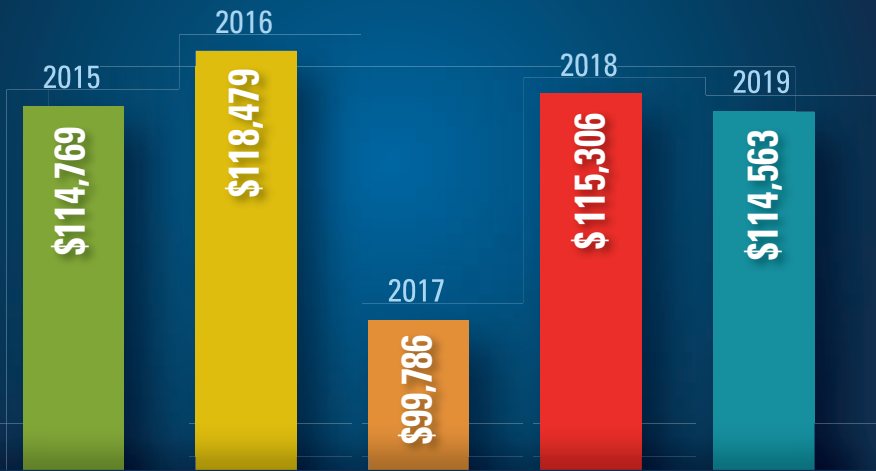
We need to talk about online travel agencies, writes Festive Road’s Caroline Strachan, as OTAs dominate leisure hotel booking & are coming for business travelers.

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TOP STORY

TRAVEL MANAGER SALARIES

Averages based on BTN’s annual surveys



BTN’S 36TH ANNUAL SALARY SURVEY & REPORT

Average Travel Manager Salary Inches Down

Smaller proportions of men and of travel directors/VPs responding to BTN’s annual survey could play a part.

The average travel manager’s total 2019 compensation as recorded in BTN’s Annual Salary Survey dipped just a bit from the 2018 edition, a finding that industry veterans and neophytes alike could find discouraging. After all, the overall U.S. unemployment rate remains low, the economy appears solid and many organizations of all sizes appear financially stable—all factors that should give travel managers a sturdy foundation to negotiate salary.

KEEP READING ON PAGE 26

TRAVEL BUYING & ETHICS: PART TWO

Moving Human Trafficking Awareness Beyond the Travel Industry’s Front Lines

BY DONNA M. AIROLDI

At a Tacoma, Wash., hotel, a housekeeper standing in a hallway saw a man turn back into a hotel room and tell an unseen person: Keep the blinds closed; should anyone come to the door, do not answer; and if anyone calls, do not answer. He said he’d return at 2 to bring food.

The employee thought the situation was strange and told the hotel manager, who then talked to other employees about what they had seen or noticed about that room and guests. Management decided to send someone to the door saying they were maintenance and needed to fix the air conditioning. When a young woman answered, they asked if she was OK or if she needed

help. She replied she needed help. Management called police, and the man, who was already a person of interest to authorities, was detained. The young woman returned to her family.

Mar Brettmann—executive director of the Seattle-based Businesses Ending Slavery & Trafficking, which provides training on human trafficking awareness to hotels—shared that story with BTN. The general manager of the hotel contacted her about it because it happened after the property had provided BEST training to its employees.

“In the hotel industry, we’re continuing to get the word out

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Ariel Cohen on TripActions’ latest funding round, which almost doubles the past three rounds combined

“We still have most of the money in the bank, but given our growth rate and the opportunity to raise more money ... this was a great opportunity to go even faster to market.”



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Cvent Event Cloud Road Map Aims to Make Collaboration Easier

BY DONNA M. AIROLDI

“From a hospitality perspective, we’re uniquely positioned to bring our planners and suppliers together,” said Cvent co-founder and CEO Reggie Aggarwal at the Cvent Connect conference last month, where the company celebrated its 20th anniversary. He added that 2019 projections are for \$19 billion of meetings business to flow through the company’s system, representing 3 million RFPs and 47 million room nights. This compares to 2018 figures of \$16 billion of meetings business, 2.6 million RFPs and 42 million room nights.

Aggarwal avowed that technology is here, it’s accelerating and it’s pervasive across the entire event life cycle, so it needs to be a core competency for both planners and hoteliers. To help in that department, the company is bringing some of its multiple products together—and at the conference it introduced a number of new and soon-to-be available features for its Event Cloud products, which serve meeting and event planners. Enhancements include:

Flex: Cvent formally launched this redesigned platform last year for planners to create websites, run registration and manage event emails. Flex currently covers about 72 percent of Cvent customer events, which means 28 percent of customers are still on the Classic platform because at least one of the features they need is not available yet. Cvent has doubled its investment in the project and brought on more developers to quicken the pace of bringing Flex up to speed for all users. Cvent will roll out new features over the coming months, aiming for Flex to cover 92 percent of all events and encompassing all the features those users need by the end of the year. Features to serve the remaining 8 percent of events will roll out in 2020.

Social Tables: Last year, Cvent purchased this company, which has mapped more than 5 billion square feet of meeting and event spaces. Cvent customers can currently go to Social Tables to see these interactive floor plans and 3D diagramming. Suppliers now can offer this functionality directly in the Cvent Supplier Network, through which planners source venues for their meetings and events. Fairmont Hotels will be the first hotel company to make this live in the Cvent Supplier Network.

Discover: This new tab in the Cvent Supplier Network showcases curated content from both supplier partners and Cvent and it can be accessed by keyword search. For example, type in a destination and results returned will include links to lists of branded hotels in that location on the Cvent network (such as a Hilton link or a Marriott link), content provided by the destination, even Cvent blog posts that include content

related to that location, such as if any properties were included in Cvent’s 2019 Top Meeting Hotels list. It has moved from beta and is now generally available.

Passkey: Enhancements to this automated room block management solution include improved wait-list functionality and public block request through participating lodging partners, even if the planner is not a Passkey client directly. Passkey users have asked for more modern, more efficient experience for attendees, and Cvent will release the first iteration of new booking sites this year. The bulk of enhancements, not detailed, will arrive in 2020.

Enterprise Portals: The portals now provide a single access point for sharing information with key stakeholders who are not logging into the Cvent product. Cvent has streamlined its meeting request form to make it more intuitive for planners and has made it fully customizable, offering more sub-questions. Early adopters are testing these functions, and Cvent plans to launch them this year. The portals also will have instant booking capability for users to source venues and to book sleeping and meeting rooms from hotel inventory, and planners will be able to integrate hotel spend directly into their budgets. Meanwhile, an event hub will provide occasional planners with the ability to streamline attendee and budget maintenance. Post event, the hubs will allow planners to distribute surveys to attendees and to reconcile budgets. Cvent will continue to build event hub and small meetings solutions through 2020.

Speaker Resource Center: This new platform gives speakers the ability to self-manage their content. Planners can assign tasks to them, so speakers themselves can update session descriptions and titles. Speakers can upload presentation content, as well as their bios and headshots. The planning team has full oversight and can see when tasks are completed and which ones are still missing. It’s in early-adopter phase now and will be generally available by the end of the year at no additional cost for clients who have a Cvent enterprise license.

Exhibitor Resource Center: Similar to the speaker resource center, this product will enable exhibitors to manage their tasks, forms and waivers; to register exhibitor booth staff; and to manage their profile and company logo. This tool will enter early-adopter phase before the end of the year and will be included for all Cvent customers.

CrowdCompass: Cvent now owns three services for meeting planners to create mobile event apps and is creating a single app that takes the best of each. However, Cvent will continue to support the current three through 2020. For CrowdCompass, its main app service, Cvent will enhance its live Q&A, polling and survey capabilities. Cvent also will enhance the app’s security and improve the app’s generation of key event and mobile app engagement. There’s also now a central hub for attendee needs. Event attendees using event apps created through CrowdCompass now can personalize the info they need and can surface relevant content when in a certain session, such as a live poll or question, rather than searching through the app to find it. These features are currently available. ■

Cvent projects it will achieve \$19 million in meetings volume through its platform in 2019. It projects 3 million RFPs and 47 room nights by year end.



TripActions Lands Another \$250 Million

TripActions' prowess for fundraising is on display again. After pulling in \$154 million in Series C funding in November, the digital travel management company announced in June its Series D funding round of \$250 million from the same investors. Overall, the company has raised nearly half a billion dollars in investor financing since its founding in 2015. It now claims 2,000 customers, roughly \$1 billion in travel sales volume and a 700-strong team across nine office locations on a few continents. With its latest round, TripActions expects to see all these grow. It is further building out its homegrown technology with an eye on user experience, is "doubling down on global fulfillment and strategic partnerships" and is expanding global operations, according to the company. Co-founder and CEO Ariel Cohen spoke with The Beat editor-in-chief Jay Boehmer.

HERE'S MY FIRST QUESTION: WHAT HAPPENED TO THE \$154 MILLION YOU GOT IN NOVEMBER?

That's a good one. We are growing extremely fast. We manage [at the end of June] a travel budget of \$1.1 billion, and we're still growing at a 5X rate year over year and adding more than 200 customers a month. We believe that we've created the best global travel solution out there. We want to bring it as fast as we can to market. From what we raised in the past, we still have most of the money in the bank, but given our growth rate and the opportunity to raise more money, we thought this was a great opportunity to go even faster to market.

WHEN YOU SAY \$1.1 BILLION IN ANNUAL TRAVEL UNDER BUDGET, IS THAT YOUR SALES VOLUME, THE ACTUAL AMOUNT OF AIR, HOTEL AND GROUND THAT IS TRANSACTED THROUGH YOUR SYSTEM?

Think about a company, in annual terms, spending \$10 million on travel. This is what we call travel budget under management, and this is what they will spend through our product in a year. In a year, right now, if you aggregate all of our customers, you'll see a spend of \$1.1 billion dollars through our app. Of course, you'll see more because we are growing really fast. As the year will progress, we'll manage more than \$1.1 billion under management. It's an aggregation of all of the travel budgets of all of our customers.

SO, IS THAT THE BUDGET OR WHAT THEY'RE ACTUALLY BUYING THROUGH YOUR SYSTEM?

It's the budget that in annual terms is translated into what they're buying through our system because we have such a high adoption number. So, pretty much what they're spending, they're going to spend through our product. Travel management companies are not growing at the rate that we're growing. There aren't other TMCs that are growing at a 5X rate.



TripActions' Ariel Cohen talks:

- What's up with the money the travel management company already has raised?
- When to worry about profitability
- Scaling up to bigger companies

"We are really flipping the model on itself. The TMCs are basically selling to business travel managers and procurement. ... It's kind of implied that the travelers are not going to like it."

ORIGINALLY PUBLISHED IN
The Beat

TRIPACTIONS REACHED UNICORN STATUS LAST YEAR. HOW IS YOUR VALUATION NOW \$4 BILLION?

It's related to all of our business metrics. When you think about valuation of a company in the private market, there are venture capitalists that need to decide how much they want to apply to the share price of the company. In our case, it's \$4 billion. Our valuation is really testimony to our growth rate, the size of the market and the opportunity and what our investors think about our long-term future. As you know, business travel is a pretty big market at \$1.5 trillion annually. We have the potential to take a big chunk of this market: Look at our growth rate of 5X basically four years after we started and having 2,000 customers and having the names that we have like WeWork and Lyft and Box. All of these things—you compile them together, and you come up with a valuation that really estimates in an IPO where we can be in the future.

AT WHAT POINT DO YOU CONCERN YOURSELF WITH PROFITABILITY?

It's really important for us that the unit economics will actually work no matter what stage. That was something important for us from day one. Because of that, [TripActions co-founder and chief technology officer Ilan Twig] and the team innovated a lot on the infrastructure and the support side to make sure that our agents are super productive. This really changes the unit economics. Also, a lot of the bookings, more than 93 percent of the bookings, in our system are being created online, which again creates really good unit economics. In terms of profitability, it's more the decision of how fast we want to grow in the market—invest in marketing, developing our brand, investing in our sales team—and how fast we want to deploy our global infrastructure. All of these things are part of this. But the unit economics, the business model itself, is already profitable. As a company, we're putting more and more resources on making ourselves a brand out there.

CAN YOU MAKE A COMPELLING PLAY FOR A CORPORATE TRAVEL 100 OR FORTUNE 100-TYPE COMPANY? ARE THEY TOO COMPLEX TO FIT INTO THE TRIPACTIONS MODEL?

We are really flipping the model on itself. The TMCs are basically selling to business travel managers and procurement. They're telling them: "Take our solution. It will probably take you two years to deploy, and then you have to force the travelers to use the system." It's kind of implied that the travelers are not going to like it. We are coming to the market—to everyone, all sizes—and telling them: "You do need to manage travel. You do need to know where your travelers are. You do need to have policy. You need to have reporting. But if only half of the employees are using it—and that's what you'll get with the mega TMCs—you're not going to get that anyway. With us, you're going to get most of the employees using the system all of the time, and therefore you'll have all the policy, all the reporting and so on." We are flipping this model, and I think this model resonates with everybody, whether you're a mega TMC customer, a midmarket customer or if you don't manage travel at all. That's transformational. That's why we get high adoption. Users are choosing to use us. ■

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How Hotel Rates Will Change & Why

The American Express Global Business Travel Hotel Monitor 2020 forecasts hotel rate changes, based on local currencies, from 2019 to 2020 for select cities. Here's a sampling of the factors driving various markets, according to the travel management company.

2020 YOY HOTEL RATE CHANGES

-4%

Abu Dhabi

Hotel stock is increasing as falling oil prices reduce demand.

-3%



New York

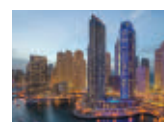
29,000 new rooms will arrive in the coming months, while the city's economy will soften in 2020.

-1%

Lagos

Demand is weak, as safety concerns prompt many corporations to restrict travel to the city. The pressure is mitigated, though, as travel here is unavoidable for many energy companies.

0%



Dubai

Supply coming online in preparation for the 2020 Expo has dampened demand, but rates should increase during the event, which runs from October through April.

1%

Amsterdam

Rates are rising higher in the suburbs, where corporate offices are concentrated.

2%



Bangkok

The government estimates tourists will increase 8 percent in 2009 to 41.1 million. Thailand also has reduced taxes on hotel stays and expanded the number of construction permits for new hotels.

3%

Brussels

Supply growth is limited while travel related to tourism and to the European Union offices here will sustain demand.

4%

Bogota

Low corporate taxes are boosting investment and could drive demand, while rooms equalling 7 percent of existing supply are under construction.

5%



Bangalore

Supply will grow by double digits in 2020, but business travel demand will drive rates, including a conference that will draw more than 80,000 in January.

THE OUTLIERS

-10%

Doha

Saudi Arabia, Bahrain, Egypt and the UAE have had Qatar under economic embargo since the summer of 2017. That hits demand while there's an oversupply of upper-upscale and luxury rooms.

6%



Tel Aviv

Tourism is booming, as is the Israeli tech industry, but a heightened threat of terrorism would eat into demand.

-8%



Riyadh

The government aims to increase visitors from 8 million in 2016 to 30 million in 2030. Major chains are showing interest in the initiative, knocking down occupancy and thus rates.

47%

Buenos Aires

The Argentine peso depreciated 50.6 percent last year while inflation reached double digits, the primary driver of this leap in rates.

Houston

Recovering oil prices are driving demand, but new properties are arriving Downtown and in the expanding suburbs.



Munich

Demand continues here, but the opening of premium hotels last year and this year have capped that segment's ability to raise rates. Meanwhile, budget hotels opening in 2020 and 2021 will push down rates in the economy segment.

Beijing

Boston

Frankfurt

London

Los Angeles

New supply will draw higher rates because it's luxury and upper-upscale, but rates at existing properties will grow minimally.

Rio de Janeiro

Massive supply thanks to the 2015 FIFA World Cup and the 2016 Summer Olympics leaves hotels with little ability to increase rates.

Rome

Stockholm

Sydney

If not for a full calendar of international and large national events, new capacity would further stifle rates. 2,000 rooms are under construction to fill a gap for the luxury tier.

Dublin

700 rooms are on the way, but they will open following a shortfall of supply and rising demand.



Hong Kong

A bullet train to Mainland China opened in 2018. Record visitors combined with lowering hotel development, so high occupancy rates have persisted. 20,000 new rooms will open over the next five years, however.

Mexico City

GDP fell in the first half of the year, thanks in part to fewer exports to the U.S. Demand has lowered, even as 14,000 rooms were under construction at the start of 2019.

Paris

Three large hotels, including the reopening of the Pullman Montparnasse, will add plenty of rooms in corporate and exhibition hot spots.

Vancouver

Washington, D.C.

Amazon will start moving into its Arlington, Va., facilities next year, and that could drive rates.

Johannesburg

Madrid

San Francisco

625 rooms across three hotels will arrive after years without major openings, but employment and tourism continue to grow.

Santiago



Tokyo

A record 31.2 million visited in 2018, an 8.7 percent year-over-year increase, and the 2019 Rugby World Cup will run from September through November, followed by the 2020 Summer Olympics. The city faces a shortfall of 3,500 rooms, despite the 30,000 added over recent years.



Toronto

The Municipal Accommodation Tax that went into effect in April 2018 added 4 percent to the cost of a hotel stay.



Chicago

Corporate relocations will continue to drive demand.

Monterrey, Mexico

This business and industrial center sits near the country's northern border and thus is influenced by trade with the U.S. Northwest Mexico suffered a double-digit decrease in occupancy in the first quarter of 2019 and thus a double-digit drop in revenue per available room. Amex GBT expects rates in Monterrey to lurch forward in 2020 by comparison.

Sao Paulo

Brazil's economy is barely growing, just as the world economy is expected to decelerate. However, hotel rates in Sao Paulo have jumped 12.5 percent year to date, compared with 7.7 percent across the country.

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TRAVEL BUYING & ETHICS: A new series from BTN

COMING UP IN A FUTURE ISSUE: HUMAN RIGHTS

CONTINUED FROM FRONT PAGE

Travel Industry Awareness of Human Trafficking

and train as many people as we can,” Brettmann said. “We’re working through state associations and hotel associations, but we also work with brands. We’re training more people so we can see more victims identified.”

BEST is one of the partners in the American Hotel & Lodging Association’s No Room for Trafficking campaign, which launched at the end of June and aims to train every U.S. hotel worker how to spot human trafficking. Additional partners include ECPAT-USA—formerly End Child Prostitution and Trafficking, which also provides awareness training to many in the hospitality industry—and Polaris, which runs the National Human Trafficking Hotline.

Human Trafficking & the Travel Industry

The travel industry is, unfortunately, a key component in human trafficking. Airlines transport victims and hotels provide places not only for potential sexual exploitation but also for forced labor. Research bears out those facts. A 2014 report from the International Labour Organization estimated the annual profits from human trafficking at \$150 billion; \$99 billion coming from commercial sexual exploitation. A 2017 ILO report estimated 24.9 million people at the time were victims of human trafficking globally. Of those, 64 percent were exploited for labor and 19 percent were sexually exploited; sexual exploitation, however, earns 66 percent of global human trafficking profits. Of that 24.9 million, 71 percent are women and girls and 25 percent are under the age of 18. A 2014 Urban Institute report showed that 71 percent of the labor trafficking victims it surveyed arrived in the U.S. via airplane before being trafficked. A 2018 Polaris report showed 75 percent of victims surveyed reported using hotels at some point during their trafficking.

Combatting human trafficking is not a new initiative for the hospitality industry. It began actively addressing the issue at least 15 years ago, when in 2004 Carlson Cos., then the owner of Radisson Hotels and other brands, signed the Tourism Child-Protection Code of Conduct. Known as The Code, it’s a voluntary set of business principles hospitality companies can implement to prevent sexual exploitation and trafficking of children. The Code is a joint venture between the tourism private sector and ECPAT-USA, which is a member of ECPAT International, a network of organizations in 95 countries.

Signatories pay annual fees based on their revenues each year and agree to six principles that include establishing policies and procedures against the sexual exploitation of children, providing a clause in contracts requiring a zero-tolerance policy throughout the signatories’ supply chains, training employees on signs of trafficking and reporting annually on implementation of Code-related activities. In recent years, more hospitality companies have signed on, and as of press time, there were at least 64 members in the U.S. In addition to Carlson, whose main division is now CWT, that includes several major companies connect

to the business travel industry: Sabre, BCD Travel, Maritz Global Events, Accor, Choice Hotels, Hilton Hotels, Hyatt, Marriott International, Wyndham Hotels & Resorts, American Airlines and Delta Airlines.

“There was a time where there were very few partners, and people didn’t want to believe that this could happen at their property, brand, company,” said ECPAT-USA director of private sector engagement Michelle Guelbart. “The last five years, there’s been a huge push, [especially] with hotel chains. We are getting [training] down to the front lines and getting every brand, every property [involved] so there is no place that a trafficker goes that feels they can run this kind of business anonymously or risk free.”

Suppliers increasingly have mandated human trafficking-awareness training programs for their frontline staff like airport gate agents, flight attendants, hotel front desk employees and housekeepers. Others aim to train every employee. Marriott is one of the latter. As of May, the company has trained more than 600,000 of its global count of 730,000 hotel workers at managed and franchised properties. Mandated awareness training began in January 2017, said Marriott human rights director Tu Rinsche.

Why the recent industry interest? For airlines, the FAA Extension, Safety, and Security Act of 2016 required air carriers to provide initial and annual flight attendant training on how to recognize and respond to potential human trafficking victims. When reauthorized in October 2018, the law was expanded to include ticket counter agents, gate agents and other air carrier workers whose jobs require regular interaction with passengers.

Some airlines, like Delta, which has donated \$1 million to help fund the National Human Trafficking Hotline, were on board with awareness training even before the law was passed. The Blue Lightning Initiative—led by the U.S. Department of Transportation, Department of Homeland Security and Customs and Border Protection as part of the DHS Blue Campaign to raise awareness about human trafficking—launched in 2012 and has trained more than 100,000 personnel in the aviation industry. United Airlines partnered with the Blue Campaign in 2018 to train pilots and customer-facing staff. The company had trained its flight attendants in 2017.

For hotels, the shift toward training and awareness is driven partially by corporate social responsibility initiatives—it’s the right thing to do—but also by legislative policy. Cities and states have begun to pass laws that require lodging facilities to display signage

More People Need to Know

28%

of travel buyers are not aware of human trafficking as an issue within business travel.

40%

are aware of supplier efforts to train employees and raise awareness of the issue in the industry.

60%

are not.

Source: BTN survey of 164 travel buyers on its Research Council



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calling attention to the problem or that mandate employee training on human trafficking indicators. Others, while not requiring training, have made training available on public agency websites. ECPAT-USA in May released Unpacking Human Trafficking, a survey of the laws by state.

In addition, some victims who were trafficked in hotels have filed lawsuits against hotel owners and operators, alleging that the defendants were in a position to notice the signs of trafficking and failed to report it to the authorities. “Look at the laws coming out in different cities that are slapping fines on the hotels when someone is being rescued, when they say the hotel knew [they were] being enslaved there,” said Jennifer Keltner, a former travel and meetings manager who is the founder of Rescue Party Give, a nonprofit that raises money to fight human trafficking. “Now is when you will get these hotels to finally address it.”

Traction with Travel & Meetings Professionals

Regardless of the impetus, most people agree that human trafficking in travel is an important issue and something should be done. In June, BTN surveyed 185 travel buyers in its Research Council about human trafficking in the industry. Eleven percent wanted to take the survey but didn’t know enough about the issue. Of the remaining 164 travel buyers, 72 percent were aware of the issue, mostly through efforts by the Global Business Travel Association and the Association for Corporate Travel Executives. Forty percent of the 164 have received education or training on the issue, while 6 percent said they had witnessed or were told about a potential human trafficking incident that occurred on a business trip.

BTN talked to more than a dozen buyers about the topic. They unanimously agreed that, as corporate travel managers, they wanted to learn more and do more about the issue. They now have that opportunity, as ECPAT-USA in January released a training module geared to travel and events professionals. It takes about 20 minutes to complete and covers human trafficking in the travel industry, signs to look for and what corporate travel and meetings professionals can do to get suppliers to address human trafficking in contracts. Sample corporate anti-trafficking policies, questions to include in RFPs about suppliers’ commitments to fighting trafficking and contract clauses are also available on the ECPAT-USA website. “We find corporate travel managers can be very influential

with their buying power,” Guelbart said. “We created [the video] with the industry and put together a committee of travel professionals to vet the material.”

When told about the video and RFP and contract language, all the buyers BTN talked with said they would be interested in taking the training and many would start to incorporate questions about suppliers’ commitments to fighting human trafficking and would consider adding language on it to contracts. Nearly all said they would either use resources already available to raise awareness with fellow employees, such as through a corporate newsletter, luncheons or in-house workshops and that they’d be willing to approach senior management about getting their departments and travelers trained.

Some already have started down that path. One buyer from the insurance industry was creating language for contracts that required suppliers to have and adhere to a code of conduct and to have procedures in place to raise awareness on human trafficking. But it has not been approved yet.

Encore Travel, based in Montreal, runs the RFP process for several clients, and the travel management company includes questions about the issue, including whether suppliers provide human trafficking training to employees, said Taylor Travel Consulting’s Mary Taylor, who is contracted to Encore. “I was a travel buyer for 19 years, and I help them format the questions for their clients. We want to know if they train their staff on human trafficking and how often do they do that.”

While a supplier that does not provide training might still be selected as a preferred partner, the RFP responses are weighted “and the safety section gets a very strong weighting because it’s important for Encore representing corporate clients that they present a good product for their travelers.”

Some suppliers welcome anti-human trafficking requirements in their contracts. “We would be more than happy if corporate travel managers required it,” said American Airlines SVP of global sales and distribution Alison Taylor. “ECPAT was great to put the language and video out.”

Hilton director of corporate responsibility and human rights Caroline Meledo added, “The power is in the hands of the RFP, especially corporate clients that organize in the [meetings, incentives, conferences and exhibitions] sector.

They should ask if the hotel trains team members on signs of sex trafficking and expand questions across the value chain, ask whether companies have a human rights policy.”

A few buyers, though, were leery about adding anti-trafficking language into RFPs and contracts. “I wouldn’t want to say, ‘I’ll take this hotel because they said yes [that they raise human trafficking awareness with their employees] and not the other hotel because they said no,’” said one buyer. “How do you prove it?” Another buyer was more concerned about practicing what you preach. “If we as a corporation don’t do the things we’re requiring of our contractors—be it car, air, hotel or a travel management

Buyers Need Training

40%

of travel buyers have received education/training on the issue of human trafficking, mostly through industry associations, including the Global Business Travel Association and the Association of Corporate Travel Executives.

60%

have not.

Source: BTN survey of 164 travel buyers on its Research Council

Training Events Professionals

ECPAT-USA, the national branch of an international network of organizations fighting the trafficking of children, launched its 20BY20 campaign July 30. Its goal is to train 20,000 events industry professionals, by July 30, 2020, on how to prevent and respond to human trafficking. It offers a training video geared specifically to travel and event professionals. Learn more at www.ecpatusa.org/20by20.



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company—who’s to say they should be doing it,” she said.

Indeed, the issue can be a hard one to breach. “It’s a very touchy subject,” Keltner said. A buyer with a manufacturing company agreed. She had brought it up to HR at her former employer and was turned away because “sex slavery is a hard sell.” The buyer added, “But it’s probably an easier proposition today because there is more awareness.” She also got push-back from some of her male colleagues. One said that when he was in Thailand on business, he went to a “bunny farm” [a brothel] even though he knew what was going on there.

The unspoken element is that human trafficking is all around us, not just halfway around the world. Both sex trafficking and labor trafficking occur in all 50 states. For sex trafficking, research has found that the demand comes from “our workers and neighbors,” BEST’s Brettmann said. “They are disproportionately white, well-educated, have more money than the norm and work in companies.”

State Laws Targeting Human Trafficking in the Hospitality Industry

ECPAT-USA released its Unpacking Human Trafficking report in May. It indicates which states require lodging facilities to display signage calling attention to the problem of human trafficking and which states have enacted legislation mandating training on the issue for hospitality employees. ECPAT will update the report semi-annually.

In some states, signage is required only for lodging facilities that have been found to constitute a nuisance under the state’s law due to prostitution or other illegal activity on the premises. Others require signage with caveats, such as if the facility holds a liquor license. As of the current report, the following nine states mandate signage for all lodging facilities, without exception:

- California
- Connecticut
- Georgia
- Louisiana
- Maine
- Minnesota
- New Mexico
- South Carolina
- West Virginia

These four mandate human trafficking-awareness training for certain lodging employees:

- California
- Connecticut
- Minnesota
- New Jersey

Who to Call

Nonprofit Polaris fights to eradicate human slavery and runs the National Human Trafficking Hotline at 888-373-7888.

This is where awareness training remains vital. Multiple buyers who had received education on human trafficking said they were “stunned” and “overwhelmed” to find that it happened as much as it did in the U.S., and not just at lower-end hotels and motels, but also at four- and five-star properties. Several sources, both buyers and suppliers, mentioned specific locations in the U.S. where they knew trafficking situations or arrests had occurred. These included New Orleans; Pittsburgh; Sacramento; Omaha; Warren, Mich.; San Antonio; Tacoma; Atlanta; Houston, where nine sex traffickers were arrested during 2017’s Super Bowl LI; and Minneapolis, host of Super Bowl LII, during which 727 calls were made to the sex trafficking hotline, according to the Women’s Foundation of Minnesota.

“The first step should be to educate people on what is going on, the vastness and severity of it,” said the manufacturing company buyer. “There are children being trafficked. These aren’t women making a choice. It’s slavery.”

A few buyers would be more willing to ask management to implement a training program for onboarding travelers if there was some ROI around the programs companies are already running so they could use that as leverage. “What works and what doesn’t work?” said one of the buyers who was concerned about putting language into contracts. “Is it just the video. Is it just posting online and putting comments at the bottom of an itinerary? Does in-depth training work?”

Return on Investment

The University of Washington evaluated BEST’s hotel training and found that trained employees were more likely to report potential instances of human trafficking to their managers. It also found that 96 percent of training participants believe training made their hotels safer. But that’s the only assessment BTN could locate.

BTN tried to find out how suppliers that offer human trafficking-awareness training measure the effectiveness of their programs, perhaps an increase in calls identifying potential trafficking instances since the training started. Some suppliers have no measurements in place. Others count the employees trained, and others collect statistics but they were proprietary. BTN also asked for recent examples of trained employees calling out potential instances of trafficking, a sign that training is paying off, but suppliers provided only examples that already had been made public.

“We don’t have numbers, but over the past year, there’s no question that particularly flight attendant crews have learned from the training and are recognizing signs more than they were two years ago,” acknowledged Delta SVP of in-flight service Allison Ausband. She also heads up the carrier’s anti-human trafficking campaign. American Airlines’ Taylor said the carrier can see that the training has escalated the number of instances reported each year, “which is a good thing. This is a global initiative, and we’ve had instances well beyond just North America.”

Most suppliers, however, pointed to figures from nonprofits combatting human trafficking. While Polaris data does not

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measure the effectiveness of specific suppliers' training programs directly, it does show that when many travel companies began to increase their awareness training and commitment to fighting human trafficking from 2012 to 2017, the number of calls to its hotline increased from 13,396 a year to 26,557. The annual number of trafficking cases reported rose from 3,272 in 2012 to 8,524 in 2017. From the hotline's launch in December 2007 to December 2017, Polaris recorded 3,596 cases that involved a hotel or motel. For the first half of 2018, the five states with the most reported cases were California, with 760; Texas, with 455; Florida, with 367; Ohio, with 219; and New York, with 206.

While the vast majority of lodging-related cases involved sex trafficking, the 2018 Polaris report *On-Ramps, Intersections, and Exit Routes: A Roadmap for Systems and Industries to Prevent and Disrupt Human Trafficking*, shows that hotels and motels are also home to labor trafficking. The hotline identified 482 potential labor trafficking victims in this sector from January 2015 through December 2017. The highest concentrations of potential victims were from Jamaica, with 100; the Philippines, with 80; and India, with 34.

Hilton, which signed The Code in 2011, recognizes that human trafficking goes beyond sexual exploitation and combats the issue in three areas. "In each bucket, we have a different relationship to modern slavery."

For hotel operations, Hilton mandates awareness training for staff in managed operations. For the construction of new hotels, the company has been analyzing human rights assessments for each new country it is considering entering since the second half of 2018. Based on those assessments, it has development mitigation plans to make sure the projects live up to Hilton's code of conduct. For its supply chain, Hilton makes sure its supply chain is free of forced labor.

This last action is one that many corporations are addressing because of laws. The U.K. Modern Slavery Act of 2015 requires companies subject to the act to publish an anti-slavery statement and to ensure that modern slavery offenses are not taking place in their business or in their supply chains. The U.S. Trade Facilitation and Trade Enforcement Act of 2015, an update to the Tariff Act of 1930, prohibits all products made by forced labor from being imported into the U.S.

Nearly all suppliers BTN interviewed had code of conduct policies in place to address forced labor. They also see clients ask about it and require adherence to codes of conduct

in contracts, as these laws and others now hold those clients accountable for their supply chain partners.

Suppliers' New Anti-Human Trafficking Efforts

The three mega TMCs—CWT, BCD Travel and American Express Global Business Travel—all have anti-human trafficking policies and training in place. They also have been involved in fundraising events and support nonprofits fighting the issue locally and globally.

CWT, which has donated more than \$1 million toward fighting human trafficking, launched its global anti-human trafficking task force in 2017, and it has used both BEST and ECPAT training videos for its employees. To raise awareness about the issue, "last year, the taskforce put ads on clients' digital platforms," said CWT chief legal counsel Lauren Aste. "We had 125,000 impressions in 2018 and expect about 50,000 a month in 2019. Those are seen by the traveler, and the number of impressions is increasing." Parent company Carlson partnered with Clear Channel and local organizations for Super Bowl LII in Minneapolis to help train law enforcement on what to look for. It also designed a training package for large sporting events, identifying what should be done to minimize instances of human trafficking and identifying people who take advantage of it. "Large sporting events absolutely are areas of risk," Aste said. "There were arrests made [at the Super Bowl], and it was an eye-opener when you think about it."

BCD is creating an updated training video, *Don't Look Away*, that will be a part of employee onboarding and part of the company's annual refresher courses for employees. For the past few years, the company has had in its learning library a training video for travelers—created by Sabre's anti-human trafficking program, *Passport to Freedom*—on the signs of human trafficking. Last year, BCD EVP of global program management Kathy Jackson sent a letter to BCD's own top 100 travelers, encouraging them to take the training. "That was followed up with a letter from CEO John Snyder," she said. "We're now working with program managers to help raise awareness with their customers and encourage travel managers to also educate their top travelers."

Amex GBT plans to introduce mandatory responsible-business training, which will include a module on human trafficking, said EMEA VP of risk and compliance Michelle Dyer. "We will start rolling it out with the meeting and events team in late quarter three or early quarter four. Then we'll broaden it to the business traveler care team."

In March 2017, Delta began to allow SkyMiles loyalty program members to donate miles through SkyWish to transport trafficking survivors. Customers have donated 1.7 million miles, and Delta has matched with 6 million miles; that has resulted in 66 flights for survivors "to either get them returned home to their families or to help them navigate through different legal battles they face," Ausband said. Last year, the carrier began offering apprenticeships to survivors through Wellspring Living. Four apprenticeships have occurred, and Delta has hired one of those people full time, Ausband said. And this year, the company added a public service video on its planes as part of *Get On Board*, a program to fight human trafficking. "We deliberated over it for a long time. We didn't want to create fear, but we felt it was the right thing to do."

Marriott also released a public service announcement video on YouTube this year showcasing examples from associates who identified potential human trafficking situations, as well as testimonials from survivors, Rinsche said. The company will

Calling Suppliers to Action

9%

of travel buyers ask about relevant suppliers' efforts toward fighting human trafficking or require such efforts in their RFPs.

Source: BTN survey of 164 travel buyers on its Research Council

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Data Partners: ADVITO | DVI | Geosure | PRIME NUMBERS

Search Cities: Select all, Akron, OH, Albany, NY, Albuquerque, NM, Allentown, PA, Anaheim, CA, Atlanta, GA

Hotel Tier: Luxury, Upper-Upscale, Upscale, Midscale, Economy

Car Rental Class: Full Size, Intermediate, Compact

Meals: Breakfast, Lunch, Dinner

Select Quarter: 2018/Q4, 2019/Q1

All Cities Selected: Avg Risk Score **43** | Hotel **\$176.36** + Car Rental **\$46.97** + Meal **\$98.09** = Total Cost **\$321.41** | QoQ Change **2.99%**

City	Risk Score	Avg Hotel Cost Across Selected Tiers	Avg Car Rental Cost Across Selected Classes	Total Cost for Selected Meals	Total Daily Cost	QoQ Change
Akron, OH	46	\$140.59	\$43.21	\$86.53	\$270.13	-2.45%
Albany, NY	44	\$167.76	\$44.18	\$95.73	\$307.67	4.00%
Albuquerque, NM	37	\$127.51	\$42.48	\$86.53	\$256.52	-0.24%
Allentown, PA	34	\$145.94	\$42.54	\$89.66	\$278.14	2.58%
Anaheim, CA	31	\$215.59	\$45.91	\$109.21	\$364.71	2.36%
Atlanta, GA	55	\$198.26	\$46.36	\$106.37	\$350.98	7.69%
Austin, TX	40	\$233.58	\$43.30	\$102.12	\$379.00	-6.64%
Bakersfield, CA	42	\$145.12	\$49.56	\$85.47	\$280.15	14.86%
Baltimore, MD	52	\$171.86	\$47.27	\$109.50	\$328.63	-0.21%
Baton Rouge, LA	50	\$141.03	\$59.98	\$90.91	\$291.92	3.79%

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launch posters this summer in employee areas to reinforce the content training taken already and in some public-facing areas. As for assisting survivors, the company has partnered with the Global Fund to End Modern Slavery to create an employability curriculum that introduces survivors to hospitality pathways to jobs in the industry. “We are trying to take a thoughtful approach to how we engage along the survivor journey,” Rinsche said. “We are not victim assistance. We will leave that to service providers, but we can identify resources and tools we can adapt for this audience for service providers to provide better service to their clients.”

InterContinental Hotels Group Americas CEO Elie Maalouf announced at the NYU International Hospitality Industry Investment Conference in June that the company was creating an anti-human trafficking program. A spokesperson for the company said some training would roll out this summer, but additional details are not yet available. IHG will work with AHLA on its efforts.

What Else Can the Industry Do?

ECPAT started with suppliers, is now partnering with travel and event managers, and next wants to engage with business travelers, Guelbart said. It also wants more non-travel companies to sign The Code.

American’s Taylor agreed, adding that corporate travel managers also should have their companies sign on. “We have worked with larger corporate accounts who have signed The Code, and they realize it helps them and informs their travelers to look for [signs of human trafficking] when on the road,” she said. “That’s why we get people calling us from the gates and airport when something doesn’t look right. It’s often from corporate accounts who have done that training internally.”

ECPAT’s Guelbart also said the organization wants to see more companies work together and share best practices. The World Tourism & Travel Council leads the way, having launched its anti-human trafficking task force in April. It provides a forum for travel and tourism companies to share best practices. It’s looking to fight the issue through four pillars: prevention through more awareness, protection through awareness training, action through encouragement of governments to enact anti-trafficking legislation, and support through assistance and training to survivors. Founding members include Airbnb, Amex GBT, the Bicester Village Shopping Collection, Ctrip, CWT, Emirates, Expedia Group, Hilton, JTB Corp., the Las Vegas Convention and Visitors Authority, Marriott, Silversea, Thomas Cook and TUI.

Additional companies are involved in getting anti-trafficking legislation passed. “We’ve had many employees go to the Hill to lobby in support of certain bills,” Delta’s Ausband said. “We had 150 employees work to get congressmen and congresswomen on board [with anti-human trafficking legislation].”

Global distribution operator Sabre, which has been fighting human trafficking since signing The Code in 2011, also advocates “to make sure laws are put in place to ensure criminals are put behind bars and stopped and that those who are victims are not seen as criminals but seen as victims,” said Sabre Passport to Freedom program head Michael Hanson.

Hilton’s Meledo, referring to the MICE industry, wants companies to stop buying swag made by child labor somewhere else in the world. “We spend a lot of money on takeaways, on gifts, but don’t think about why they are relatively inexpensive,” she said. One prong of the company’s Meet With Purpose program is to support To the Market, which sells items made by social

Potential Signs of Human Trafficking & What to Do If You Spot Them

Human trafficking takes place all around us, particularly in airports and hotels. It is recommended that travelers get training to spot the signs. This list is not a replacement for any of the training materials available in the hospitality industry, but it gives a few examples from ECPAT-USA and Polaris that could indicate someone might be a victim of human trafficking and what to do if someone spots any signs while traveling:

- Individual has minimal luggage and/or is inappropriately dressed for the season or location.
- Individual lacks access to travel documents and money.
- Individual lacks physical and verbal autonomy.
- Individual has indications of physical and emotional abuse.
- Excessive foot traffic in and out of a hotel room.

As many sources noted, any single indicator is not enough necessarily to raise suspicion—and there are many more signs to be aware of—but a combination of indicators means it could be a human trafficking situation. Here’s what a traveler should do:

- Note as many details as possible: descriptions of individuals, including marks like tattoos, identifying clothing or traits; license plate number; room number if in a hotel; flight number, destination and seat location if on an airplane.
- Report the situation to the proper authorities. Call the National Human Trafficking Hotline, discreetly alert a gate agent or flight attendant, report it to hotel management, or call 911.
- Do not approach either the potential victim or suspected trafficker. Let the authorities handle it.

entrepreneurs that work with vulnerable populations across the world, including trafficking survivors.

As of press time, several hospitality organizations were taking part in events planned for the United Nations’ World Day Against Trafficking in Persons, on July 30. And AHLA and the Asian American Hotel Owners Association will host regional events throughout the year leading up to Human Trafficking Prevention Month in January.

Little by little, the industry seems to be making a difference. “I’m certain every big hotel chain and airline has a story [about spotting potential human trafficking],” said the travel buyer whose efforts to bring awareness of the issue at her former employer failed. “They may be few and far between, but if you save one person, it’s worth it.”

The key is to know how to spot a potential situation and what to do. “Reach out to authorities, and don’t be embarrassed or afraid to be wrong,” consultant Mary Taylor said. “It’s better to be wrong than to not say anything at all.” ■

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Next Generation Storefront:

How It Works, The Potential & the Hazards

BY DAWIT HABTEMARIAM

Under ATPCO's Next Generation Storefront initiative, carriers work with the air content information and distribution company to gather, normalize and present their products via standards that enable travel agencies, online booking tools, global distribution systems and aggregators to enhance their retailing displays.

There has never before been a real retailing standard for what indirect channels display. Now, via the NGS standard, such indirect sellers use the airlines' product data to sort products into similar groups, or "shelves," represented as starred columns. Shelf placements are based on 18 attributes, including seat pitch, ticket changeability, carry-on baggage, boarding order, fare limitations, meals, Wi-Fi and aircraft details. As of now, the shelves are stamped, on an ascending scale, from one to six stars. On a shelf, shoppers can open each flight's "drawers" to see the amenities and attributes available. Beyond all this, sellers can experiment with their retailing displays to make them compelling, according to ATPCO director of R&D Gianni Cataldo.

ATPCO/Routehappy "Shelves"

Carrier	1 Star	2 Stars	3 Stars	4 Stars	5 Stars	6 Stars
Precision Air	\$127 (Basic Economy)	\$152 (Economy)	\$277 (Economy Extra)	\$800 (Premium Business)	\$1,109 (Premium First)	
Spirit Air	\$146 (Basic Economy)	\$178 (Main Cabin)		\$321 (Cabin Plus)	\$808 (Business)	\$1,145 (First)
PowerJet	\$198 (Basic Economy)	\$259 (Main Cabin)		NA	SOLD OUT	\$1,298 (First Class)
Precision Airlines	\$195 (Basic)	\$213 (Main)	\$294 (Main Plus)		\$859 (Business)	\$1,549 (First)

ATPCO/Routehappy "Drawers"

Category	Basic Economy	Economy	Economy Extra	Premium Business
Qualification	Standard (1Y)	Standard (1Y)	Beste (3Y)	Flat Rate
Descriptive	Basic web browsing (\$)	Basic web browsing (\$)	Basic web browsing (\$)	Basic web browsing (\$)
Airline-Specifics	2,421	2,421	2,421	3,631

ATPCO/Routehappy-watermarked concepts of "shelves," which stack similar fares in columns, and "drawers," which provide detailed fare and flight details in rows. The company said these are current versions of evolving concepts.

"The airlines just want to make sure that you see every class of service and every price point that can be offered in every search that you do."

—INVISION'S JENNIE ROBERTSON

In an NGS world, he said, business travelers will be enticed to book flights in-channel. Now corporate booking tools frustrate them and prompt them to book directly on airlines' websites. When booking direct, they tend to book at first glance, by price, and later could discover limitations "that get in the way of business getting done," such as lack of changeability in the event of delays or limited baggage allowances. That wipes out the savings travelers thought they were obtaining for their companies, he said, adding that NGS is about pushing the right information to travelers so they can make the best choices for themselves.

The Standard-Bearers

Every month, ATPCO hosts a working group to solicit feedback from indirect sellers' use cases. The initial adopters have been emerging and innovative travel management companies and booking tools: Psngr1, TripActions, TravelBank, AmTrav and Upside.

Traditional TMCs seem to be taking a wait-and-see approach before adopting the standard, United director of distribution Tye Radcliffe speculated. "They want to make sure it's adopted. ... They want to reach a point where they are comfortable to implement." Because they have a smaller footprint, the emerging players like TripActions are agile and can implement the standard more quickly, he added.

It also could be that their smaller footprints make emerging players easier targets for arm-twisting by carriers, which



for over a decade have been frustrated by shopping experiences on indirect channels, which lag behind the carriers' websites. Two startups told BTN Group's The Beat this year that Delta had given them ultimatums to adopt NGS or Delta would pull its content from the startups' tools. And earlier this year, Delta pulled off its content from TripActions until the TMC met the carrier's display demands.

All the major GDSs are putting resources toward NGS tests or putting it on their road maps, and all the major online booking tools and consumer booking tools are involved, Cataldo said. "The Concurs, Expedia and Travelocity are very engaged."

Representing corporate travel buyer interests, big-name consultancies have given ATPCO "a bunch of requirements" it has yet to incorporate, according to Cataldo. These companies "are more concerned with frequency and reliability than they are on cost." He said their input has been insightful and they tend to bring the up the hardest problems to solve.

Hashing Out the Standard

The initial focus of NGS was to establish a standard for simple flights between point A and point B. Now, it's on hashing out a standard for displaying the disparate experiences on complex flights. "If you are flying to Europe, you might do a MD-11 or CRJ on the first leg to get from a regional airport to JFK, and then from JFK you may be going on a 787, two extremely different experiences," noted Cataldo. "One is 40 minutes to 30 minutes, the other is seven hours. How do you represent and show that? We've been experimenting on that."

At first, the industry seemed to view the stars as a misstep, but feedback indicates consumers have latched on to them. Even Radcliffe, who had vocally opposed the ratings, has started to come around. Cataldo hears travel buyers say the stars have helped them communicate what's in policy to their travelers, who,

"There will be a growing realization across the distribution chain, from airlines to intermediaries to agencies to customers, that there is a lot more value in Next Generation Storefront than in NDC."

—DELTA'S JEFF LOBL IN OCTOBER 2018, PREDICTING NGS'S STANDING BY OCTOBER 2019

he said, understand star rating differences better than nebulous fare class labels. "That was an unexpected consequence of [the star ratings] we didn't really think about, which was nice." There will be changes to the star ratings, he said, but there is not yet a consensus on what those changes will be.

Innovating with NGS

Emerging adopters have taken a grid-display approach. Some, like Upside, have taken it a step farther: After the traveler has started to customize an itinerary with baggage and seat choices, Upside shows the traveler products on the higher shelf that deliver what he or she is looking for, along with the difference in price. This has led to upselling and increased customer satisfaction, Cataldo said. He hopes to see more such creativity.

An NGS world also can support the more sophisticated airline content displays enabled by New Distribution Capability. This year, TripActions launched United's NDC-supported dynamic bundled fares and can present bundles to corporate travelers in their initial shopping results. Radcliffe said NGS has helped present United's bundles in a "more powerful and informative way."

One Travel Buyer's Comments & Concerns

NGS, however, could add to corporate travel buyer angst by helping airlines upsell. "The airlines just want to make sure that you see every class of service and every price point that can be offered in every search that you do," said InVision travel manager Jennie Robertson, a TripActions client.

NGS will show travelers more fare options, but the standard may not make it easy for travelers to differentiate between them, Robertson said, as the fares under each star rating can vary drastically. "What's included in a fare is still very confusing," she said. "The airlines all use different names. They all include different things."

Some products fall in different star categories owing to vague differences. For example, low-cost carriers' fares are lumped with other carriers' basic economy fares on the one-star shelf, even though fares from LCC Frontier are changeable for a fee while major carriers' basic economy fares are not, Robertson said. "Should they be in that category?"

As it exists now, NGS is undermining InVision's travel policy. Robertson said it exposes premium economy and first class fares to her travelers, though both are out of policy. Additionally, her travelers are allowed to book rates a certain percentage higher than the lowest available fare, but NGS seems to be actively driving them toward the more expensive bookings. "I keep having travelers book higher fares 'because it includes baggage' when the difference in fare is much higher than the cost for them to simply pay to check bags. But they are in policy because they're within our threshold," Robertson said.

Another troublesome quirk: Some companies allow travelers to upgrade and purchase amenities on their own dime, but under NGS, that perk becomes a burden for travel programs that don't have the technology to split payment, as well as for their TMCs.

At ATPCO's Elevate conference last October, Delta managing director of global distribution strategy Jeff Lobl predicted that by October 2019, "there will be a growing realization across the distribution chain, from airlines to intermediaries to agencies to customers, that there is a lot more value in Next Generation Storefront than in NDC." NGS has gained real-world traction since Lobl said that, and it's still evolving, too. But travel buyers are on the hook to adapt their policies and programs along the way or lose control of their air spend. ■



BEYOND HOTEL MEETING SPACE: THE CHANGING MARKETPLACE

Venue choices are changing. That's not just the consensus of a few meeting managers. You can see it in the dynamics of the meetings marketplace. The expansion of purpose-built businesses like Convene and Etc.venues. The proliferation of technologies serving niche venues—there was Gaest, which was bought by Airbnb, and there's Breather, which continues to grow as its own platform, turning around designed spaces on a dime (but definitely not for a dime). Big players also have stepped into the ring, such as Cvent, which acquired Kapow to deliver turnkey venues and experiences for meetings. We see the shape-shifting in the market, but why? Traditional hotel venues have been serving meetings well for decades. There's a new business need—or maybe a few—driving these changes. BTN editor-in-chief Elizabeth West talked to meetings consultant Betsy Bondurant, Lloyd's Register global travel manager Ruth Oren and Estee Lauder executive director of global travel program design Jami Stapelmann about today's sourcing strategies.

HOTELS HAVE SERVED MEETINGS FOR A LONG TIME AND HAVE DONE IT WELL, BUT THERE ARE OTHER VIABLE VENUE CHOICES IN THE MARKET. WHAT'S DRIVING THE CHANGE?

BETSY BONDURANT: There are a couple of factors. One is simple: People might be a little tired of always going to hotels. Whether this is a generational shift or changing corporate cultures is debatable, but I do see people just wanting other options. The other factor, and I would have to validate statistics on this, has to do with real estate. I talk to a lot of companies that are downsizing their physical footprints. Many people are working remotely, and companies reduce their space. In the process, they reduce their on-campus meeting facilities. Maybe there's nothing available or maybe it's always booked, so companies need alternatives. The unique need may not be an exact fit with a hotel.

JAMI STAPELMANN: Estee Lauder is actually growing. We recently acquired Le Labo, Too Faced and Becca. And when you acquire new companies you can use these venues like Convene or Breather or WeWork to flex and adapt and really

"PHARMA, BIOTECH AND A LOT OF REGULATED MEETINGS REQUIRE ... CONFIDENTIALITY. YOU MIGHT NOT GET THAT AT A SPACE WHERE THERE ARE COMMON BREAK AREAS LIKE A CONVENE OR ETC. BUT IF [THE MEETINGS] ARE A DAY OR TWO AND THEY'RE BEING PLANNED BY NONPROFESSIONAL PLANNERS, A LOT OF TIMES THOSE TYPES OF VENUES CAN OFFER A LOT MORE SUPPORT FOR PEOPLE AND A DIFFERENT ENVIRONMENT THAT HELPS DRIVE ATTENDANCE."

— MEETINGS CONSULTANT BETSY BONDURANT

augment your existing office space, which is at a premium. To that point, we're actually upgrading our office space around the world, as well.

HOW ARE COMPANIES DECIDING WHAT BUSINESS TO PUT IN HOTELS VERSUS OTHER TYPES OF VENUES?

STAPELMANN: We've been able to look at the data and analytics to really understand, through reason codes and other details we capture, what types of meetings our brands actually have. Are they internal? Are they training? Are they meeting with retailers? All of these meetings need different types of venues, and

we also recognize that some don't need venues. We are encouraging people, in our transient booking tools, to consider Skype and Zoom and other technologies, and we are equipping our internal spaces with state-of-the-art technologies that can help facilitate [effective remote meetings].

BONDURANT: There's the type of meeting in terms of meeting objectives, to Jami's point, but also confidentiality issues. Pharma, biotech and a lot of regulated meetings require that confidentiality. You might not get that at a space where there

CONTINUED ON PAGE 24

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CONTINUED FROM PAGE 20

“WE NEED TO GIVE ALL THESE PEOPLE AROUND THE GLOBE AS MANY OPPORTUNITIES TO CONNECT IN PERSON WHEN WE BRING THEM TOGETHER. HOLDING AN EVENT AT AN ALTERNATE VENUE AND THEN ALLOWING EVERYONE TO CHOOSE THEIR HOTELS WOULD UNDERMINE THAT OBJECTIVE.”

— LLOYD'S REGISTER'S RUTH OREN

are common break areas like a Convene or Etc. But if [the meetings] are a day or two and they're being planned by non-professional planners, a lot of times those types of venues can offer a lot more support for people and a different environment that helps drive attendance. Hotels are often accustomed to working with more professional planners who understand the lingo and setups.

ARE YOU SEEING THAT MORE PROGRAMS ARE WORKING THROUGH ADMINS AND AD HOC MEETING PLANNERS TO ORGANIZE EVENTS THESE DAYS? IS THIS A CHANGE THAT'S DRIVING SOME SHIFT IN THE MARKET?

BONDURANT: Some companies are recognizing that ad hoc and smaller meetings are a significant part of their meeting spend, and they are trying to put in mechanisms to capture that data without having to bring that volume under centralized control. So I don't know if recognizing that type of meeting is what is growing the business at these alternative venues, but it's not hurting them.

STAPELMANN: That's one of the elements we like about the Breather platform because we do have nonprofessional meeting organizers booking these meetings. There's less contracting being put in the hands of a booker or an admin.

THERE ARE PLENTY OF UPSIDES TO USING HOTELS AS MEETINGS VENUES, AND ACCORDING TO MOST MEETINGS PLATFORMS LIKE CVENT AND MEETINGSBOOKER.COM, THE VAST MAJORITY OF MEETING ORGANIZERS CONTINUE TO BOOK BUSINESS AT HOTELS. ONE REASON, I IMAGINE, IS LEVERAGING VOLUME NEGOTIATIONS WITH TRANSIENT BUSINESS. WHAT ARE SOME OTHERS?

RUTH OREN: Lloyd's Register absolutely leverages the transient hotel program for

meetings. That's very important for us, but the value of the hotel goes beyond that. Nearly all of our meetings have international participants, and we want them to be together—not just during the meeting but for all the networking. I also think the fact that we are holding fewer meetings today, thanks to technology like Skype and remote conferencing—we need to give all these people around the globe as many opportunities to connect in person when we bring them together. Holding an event at an alternate venue and then allowing everyone to choose their hotels would undermine that objective.

STAPELMANN: There's also the value of those deeper hotel partnerships that go beyond price. So, things go wrong sometimes. It's inevitable with travel. You want a solid relationship with your partners so that when things do go wrong, you have an escalation point and the reassurance that things are going to be handled and managed the way they should. When you have that preferred relationship, you elevate the importance of the business to that supplier. There's a lot of value in that.

I'VE SEEN A LOT OF CHANGES IN THE PHYSICAL SPACES FOR MEETINGS:

“A CATERING-ONLY OR A SMALL EVENT MAY NOT BE THAT ATTRACTIVE FOR A MEETINGS HOTEL BECAUSE IT'S EXPENSIVE FOR THEM AND THEY MAKE MOST OF THEIR MONEY ON THE SLEEPING ROOMS. SO ALTERNATIVE SPACES LIKE CONVEENE OR BREATHER ARE ADDRESSING A DIFFERENT PIECE OF THE MARKET. BUT NOW, WHEN I GO TO A HOTEL THAT MAY NOT HAVE THAT MUCH MEETING SPACE BUT THEY WANT GROUP BUSINESS, THEY'LL MAKE SURE TO LET ME KNOW THAT THERE'S A WEWORK AROUND THE CORNER.”

— ESTEE LAUDER'S JAMI STAPELMANN

MORE COLLABORATIVE AREAS, MORE TECHNOLOGY. DO HOTELS KEEP UP WITH THESE DEVELOPMENTS?

STAPELMANN: I think some of the alternative purpose-built venues are at the forefront.

OREN: It can be harder for some of the bigger chains to make a consistent investment. Some of the independent properties we work with are quite hungry for our business and they've tried much harder to meet our needs.

BONDURANT: But I see hotels really investing here, as well. We used to call them executive conference centers, but now it's really evolved to a much more flexible space with different types of seating and collaboration technologies. With many of the newer hotels that have the luxury to be building now or those undergoing big renovations like with The Park in Las Vegas, we're really starting to see a lot of that transition.

DO YOU FIND HOTELS AND THESE ALTERNATIVE VENUES COMPETE HEAVILY WITH ONE ANOTHER FOR BUSINESS?

STAPELMANN: I see the opposite. A catering-only or a small event may not be that attractive for a meetings hotel because it's expensive for them and they make most of their money on the sleeping rooms. So alternative spaces like Convene or Breather are addressing a different piece of the market. But now, when I go to a hotel that may not have that much meeting space but they want group business, they'll make sure to let me know that there's a WeWork around the corner. I see the hotel market getting creative with these kinds of opportunities. ■

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2019 Travel Manager Salaries Dipped,

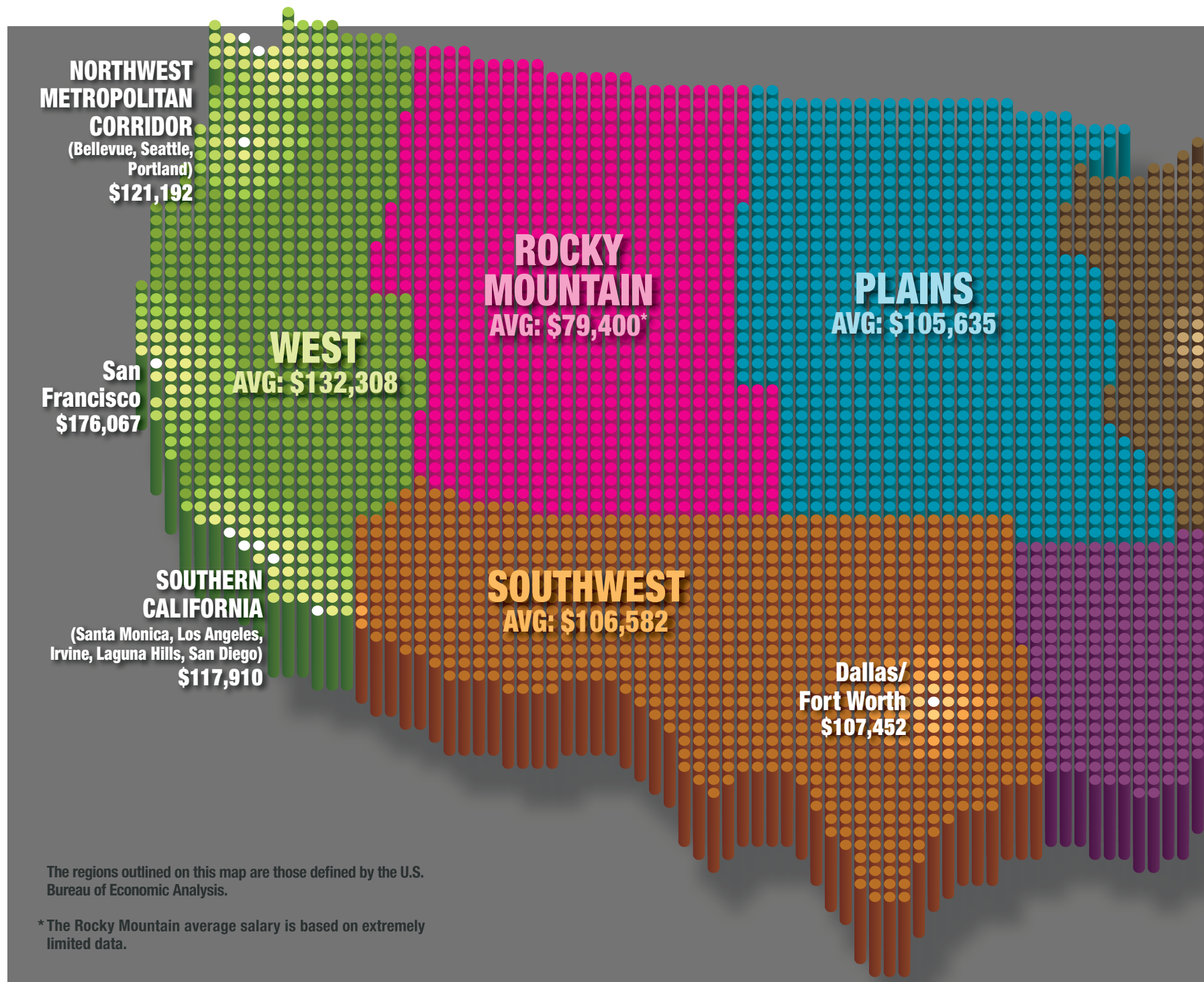
But a deeper look at the responses to the survey—BTN's 36th annual effort to document the compensation of business travel managers, whatever their seniority and wherever they work—might offer some optimism. Among all respondents who provided their compensation as of both Jan. 1, 2018, and Jan. 1, 2019, the average increased nearly 6 percent. And the share of respondents who identified as travel directors or VPs is lower than in prior editions. For example, 17 percent of this year's respondents defined themselves as such, versus 22 percent in 2018, a fact that by itself could limit the average salary compared with last year's.

The 213 respondents who responded to BTN's survey this year reported an average annual compensation—including salary, bonuses and incentives—of \$114,563, a little more than half a percentage

point lower than those who responded last year. Those respondents, overwhelmingly female, generally are optimistic that their salaries will at least hold steady in the next few years but aren't certain they're paid enough today. They see themselves staying with their present organizations for the next few years but are eyeing travel data management/business analytics and supplier sourcing/procurement as opportunities for advancement. They generally feel their efforts are reasonably well recognized by their employers and are quite aware that New Distribution Capability could bring big changes to their jobs.

Salary Trends

Macroeconomic factors support a healthy market for employees, and survey respondents offered positive reports of their own 2019



Source: BTN survey from June 20 to July 10, 2019

as Did Senior-Level Respondents

compensation hikes. But there's another factor to consider when assessing this report. About 5 percent of the respondents reported less than a year of travel management experience, and their average compensation is \$75,300. By contrast, such rookies made up only 1 percent of the 2018 survey.

On the other hand, the 2019 survey has a notably higher share of travel programs that spend at least \$12.1 million in annual U.S.-booked air volume—46 percent of this year's respondents work for those organizations, while only 37 percent of last year's base did. The average 2019 compensation at small and midsize enterprises is \$100,496, while that of larger companies is \$131,302.

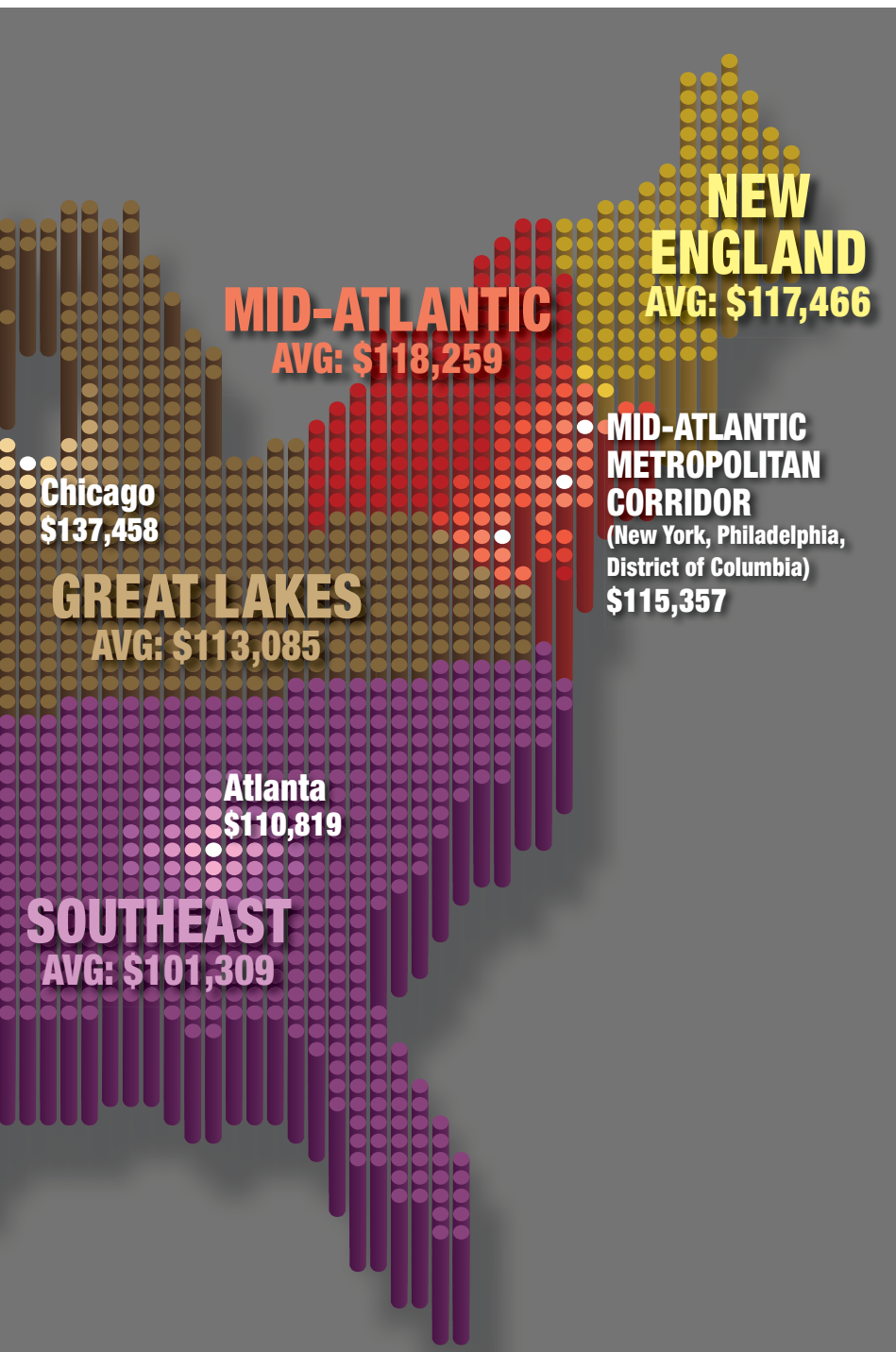
Which brings us to the relative paucity of travel directors, VPs and even higher-level respondents in this year's survey. BTN does

not weigh its respondent sample to reflect real-world demographics. Is the lower number of high-level execs simply chance, or are those survey recipients less likely to respond if they don't feel they have good financial news to share? We can't know. But don't overlook the possibility that the lower response rate could signal some softness in top-tier compensation.

A Geographic Breakdown

New York City may be the financial capital of the world, but travel managers who want to make the big money might consider fleeing the Big Apple for ... Philadelphia. Or Atlanta. Or Dallas. Or any other major city included in this survey. Respondents from

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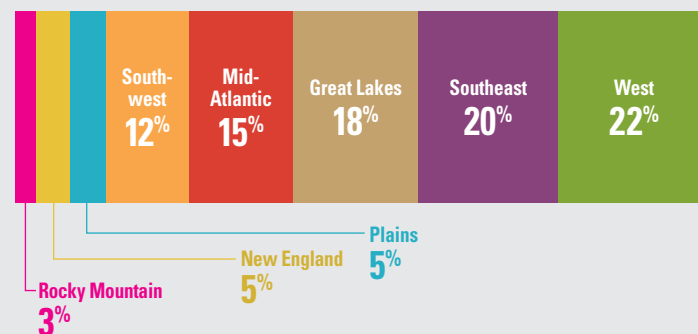


WHO TOOK BTN'S SALARY SURVEY?

Respondents by Job Description¹

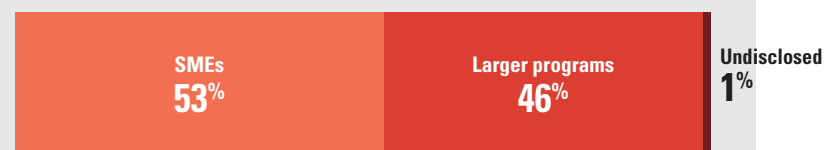


Respondents by Region²



Respondents by Travel Program Size³

Small & midsize enterprises manage \$12 million or less in annual U.S.-booked air volume.



Respondents by Experience⁴



¹213 respondents

²204 respondents

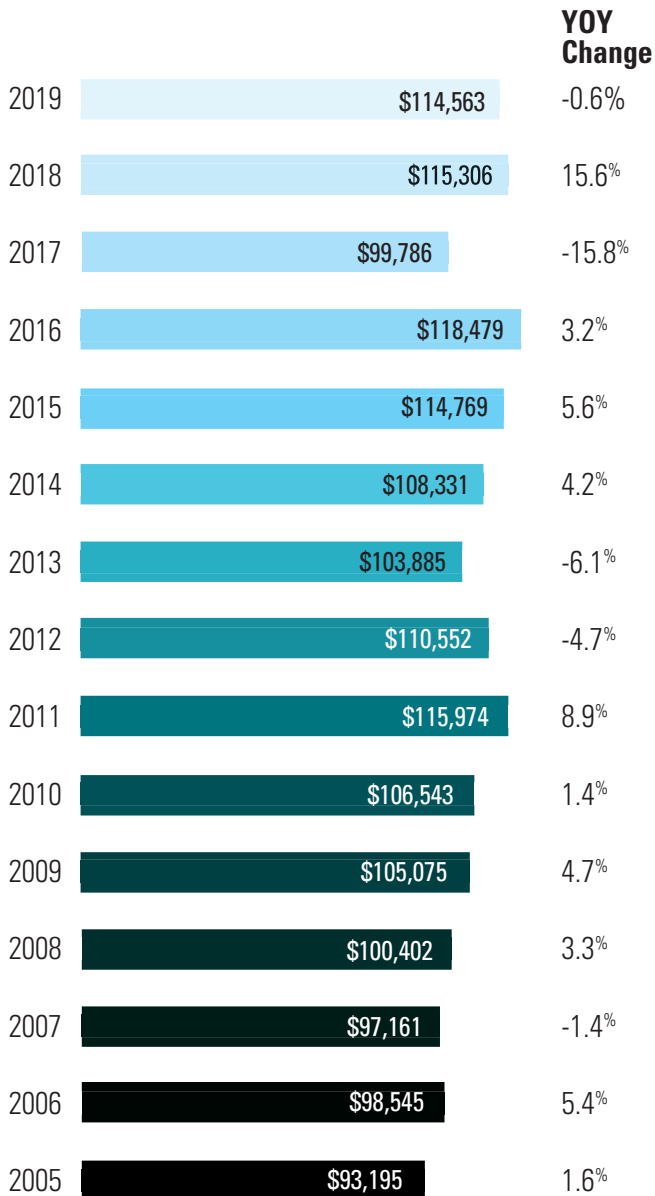
³210 respondents

⁴211 respondents

BTN'S 36TH ANNUAL SALARY SURVEY & REPORT

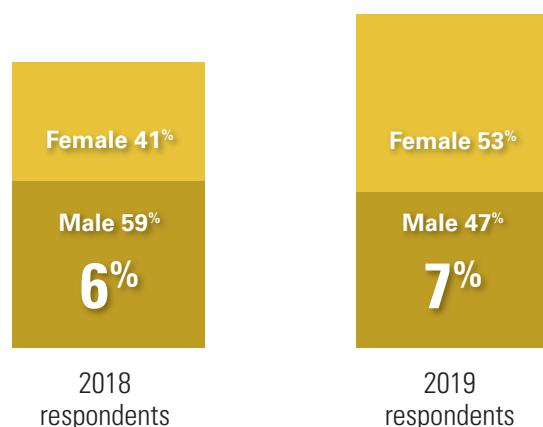
HOW 2019 RESPONDENTS' SALARIES COMPARE TO PREVIOUS SURVEYS

The average salary, bonuses & incentives as of Jan. 1 of each year are based on responses to that year's survey.



\$200K Club¹

Travel managers whose compensation topped \$200,000

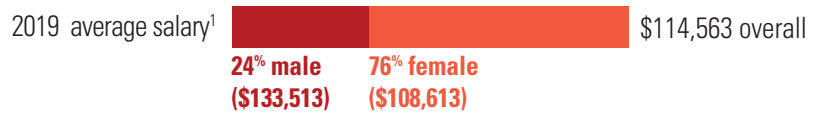


¹211 respondents

²210 respondents

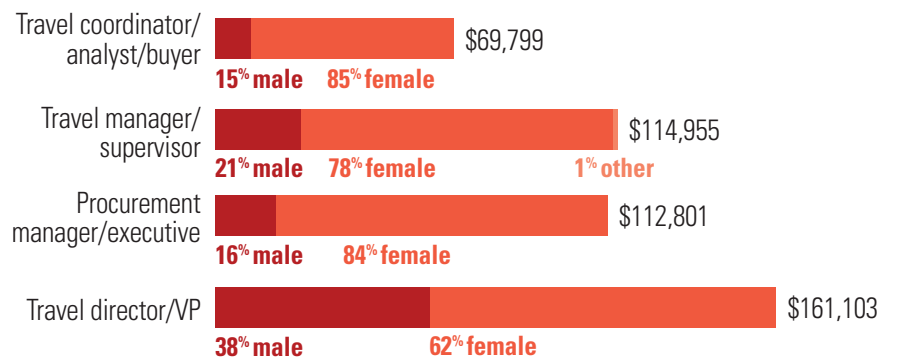
HOW 2019 RESPONDENTS' SALARIES COMPARE TO EACH OTHER

The average salary among 2019 respondents rose 5.6% from their 2018 salaries. The average female's salary rose 5.5%, while the average male's increased 5.9%.

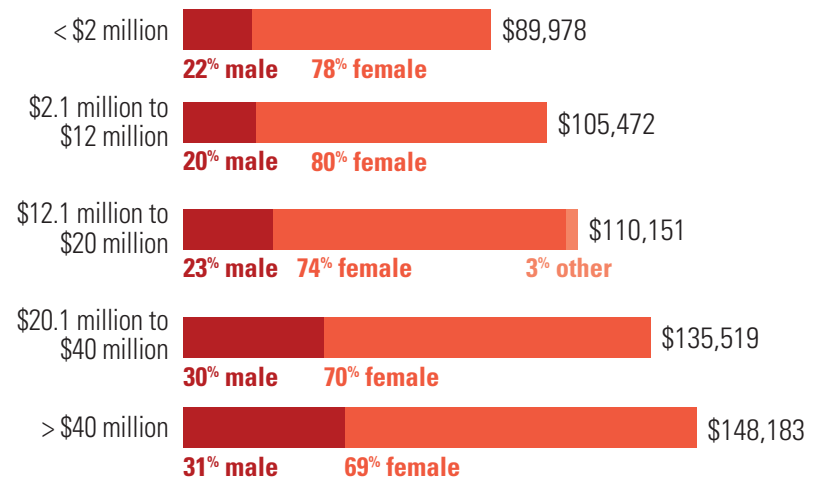


2019 Average Salaries by Job Description¹

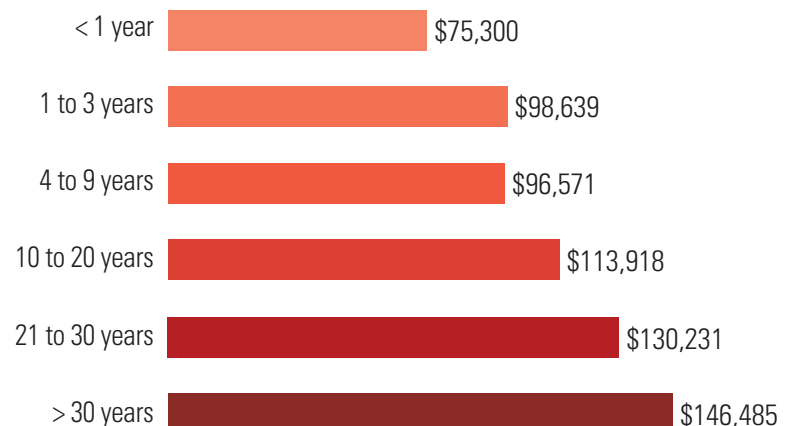
Respondents entered their precise job titles, and BTN then categorized them.



2019 Average Salaries by Travel Program's Annual U.S.-Booked Air Spend²



2019 Average Salaries by Experience²



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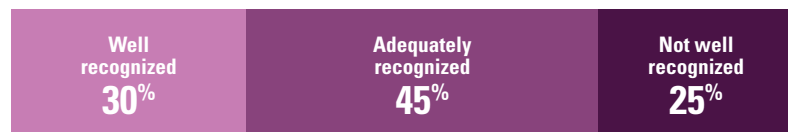


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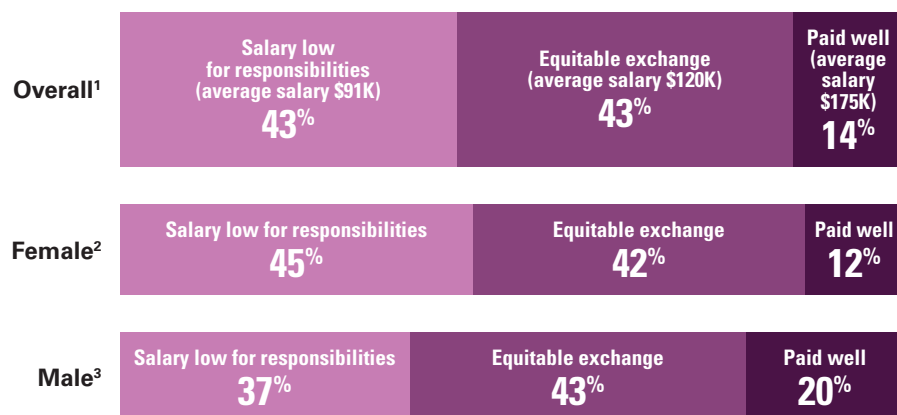
BTN'S 36TH ANNUAL SALARY SURVEY & REPORT

DO COMPANIES VALUE TRAVEL MANAGERS?

How Travel Managers Feel About Recognition¹



How Travel Managers Feel About Salaries

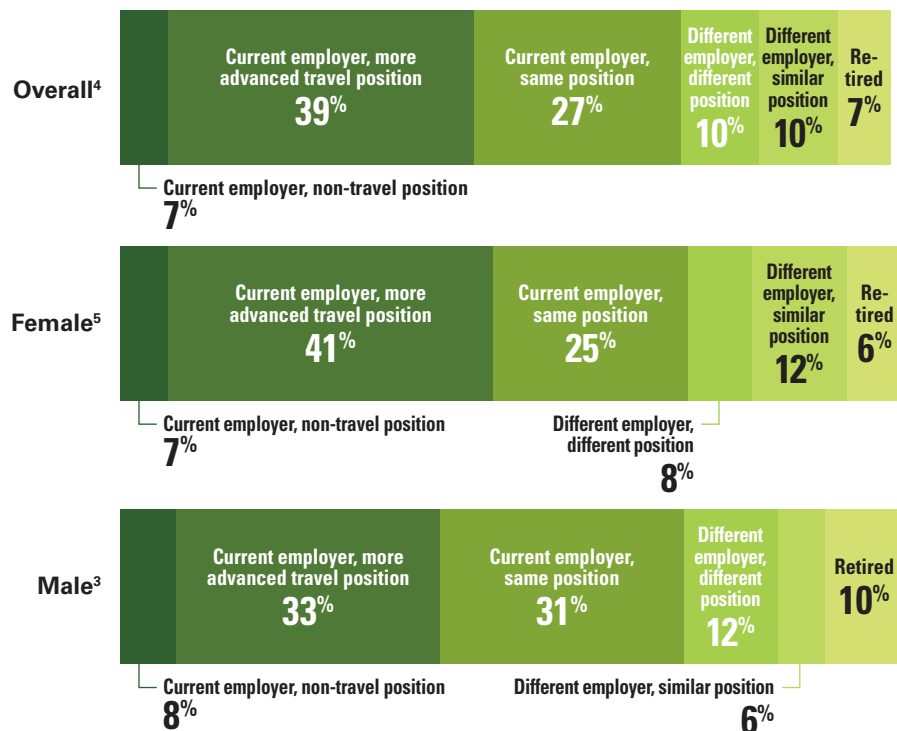


WHAT TRAVEL MANAGERS EXPECT OVER THE NEXT TWO YEARS

Where They See Salaries Going in General¹



Where They See Themselves



each other city in the survey earned more on average in 2019 than did their compatriots in New York. Counterintuitive, yes, and sample sizes here can get pretty small, but the fact remains that the \$106,000 reported by New York respondents trailed every other major U.S. metropolitan area.

Travel managers' most lucrative home? San Francisco, where respondents in 2019 earned, on average, more than \$176,000, a figure boosted up by a disproportionate number of director and VP respondents. Still, the local tech boom and IPO surge has sent prices in San Francisco soaring, and travel managers' salaries seem to be keeping up.

More broadly, respondent compensation in the West was higher than any other U.S. region, followed by the Mid-Atlantic states, New England and the Great Lakes states. Salaries were slightly higher in the Southwest than in the Plains, and the Southeast sat ahead of the Rocky Mountain states.

Feeling underpaid knows no borders, and the way respondents felt about their compensation was relatively consistent across regions. However, respondents from Atlanta, Chicago, Dallas, Los Angeles, New York and San Francisco were far more likely to feel well-recognized for their professional efforts, at 40 percent, than their comrades elsewhere, at 25 percent. Conversely, only 17 percent of these city dwellers considered their efforts inadequately recognized, versus 28 percent elsewhere.

Mind the (Gender) Gap

Women reported an average compensation of \$108,613, compared with \$133,513 reported by men. As such, women earned 81 cents for every dollar their male counterparts made, up a bit from the 78 cents represented last year and historically in line with this survey's gender gap.

A key factor in the disparity between men's and women's compensation in this survey traditionally has been the disproportionate number of men filling senior roles and making top salaries. This year, women make up 62 percent of the travel director/VP respondents, but they also make up a whopping 76 percent of the overall respondent base. Women also make up 85 percent of the travel coordinators, analysts, buyers and associated titles, which comprise the lowest-salaried tier. Additionally, 82 percent of the respondents with less than one year of industry experience are women.

Cashing Out, Cashing In

About 43 percent of respondents consider their salary low for their responsibilities, a touch higher than the 41 percent who felt that way in 2018. Forty-five percent of women are likely to consider themselves underpaid, compared with 37 percent of men.

Another 43 percent consider their compensation to be fair in the context of their responsibilities, and that's consistent among men and women. The remaining 14 percent of respondents, who have an average 2019 salary of \$175,000, consider themselves well-paid.

Most travel managers are taking the initiative to advance their careers and increase their salaries, including 27 percent who directly asked for a raise in the past year. (No word on whether those requests were successful.) About 31 percent pursued a promotion, while 16 percent changed employers and about one in 10 engaged a career coach or mentor.

¹203 respondents

²153 respondents

³49 respondents

⁴204 respondents

⁵154 respondents

Taking on additional responsibilities and marketing one's successes are other approaches to gaining higher compensation. Sonepar USA T&E administrator Tricia Mauldin, based in Orlando, has worked to broaden her travel footprint at the midmarket business-to-business electrical distributor. Hired to roll out expense management and corporate payment platforms, she suggested she administer the company's online booking tool, as well. And she now does so.

Sonepar has grown quickly in recent years through several acquisitions, and while the parent company has not pushed for a unified travel program, Mauldin via an internal Yammer account has persuaded other units to use negotiated agreements to save them money. Spot-lighting the hard-dollar value of travel management is an approach she hopes pays off for her, too. "I do get an annual raise, but I would think [it's] below what a recognized travel manager would be getting," she said, noting the company is "so far out of the travel industry, they didn't understand what a travel department could do for the company and they also don't know what it pays."

You Better Recognize

About 30 percent of respondents, at an average salary of \$134,045, consider their efforts well-recognized by their employers, up from 24 percent last year's survey. Another 45 percent, whose salaries average \$111,791, consider themselves adequately recognized. The remaining 25 percent, with an average \$100,870 salary, consider their efforts not well-recognized.

Recognition, of course, is in the eye of the beholder. For some, it can be folded and put in a wallet, while others are

motivated in other ways. Jennifer Brown, corporate travel and meetings manager for Plano, Texas-based Pharmaceutical Strategies Group, once was a Las Vegas hotel assistant general manager. She was lured to the midmarket consultancy with the opportunity to build a travel program. "They literally let



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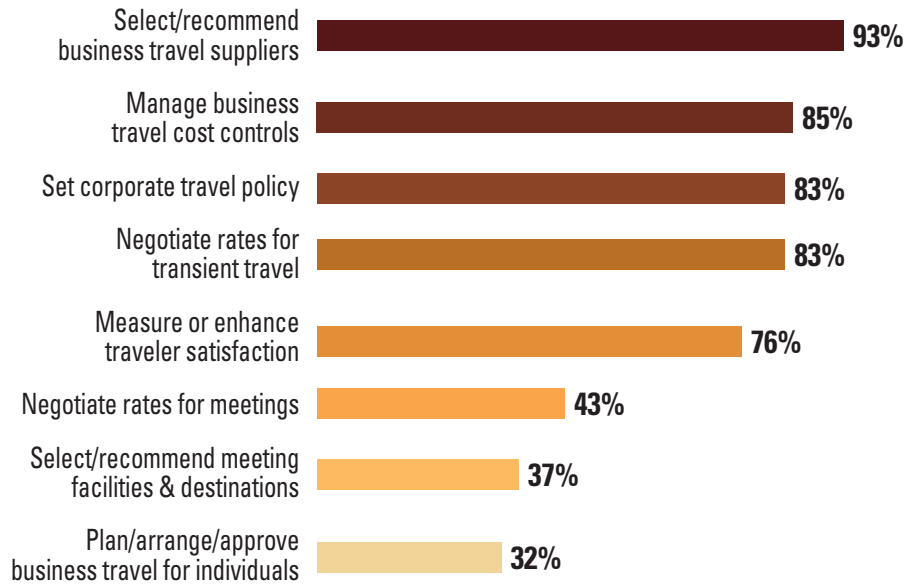


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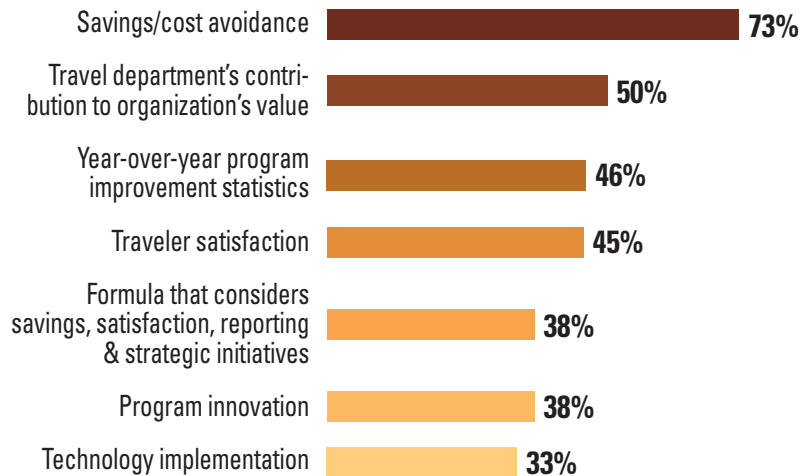
BTN'S 36TH ANNUAL SALARY SURVEY & REPORT

RESPONSIBILITIES & PERFORMANCE METRICS

What Travel Managers Do¹

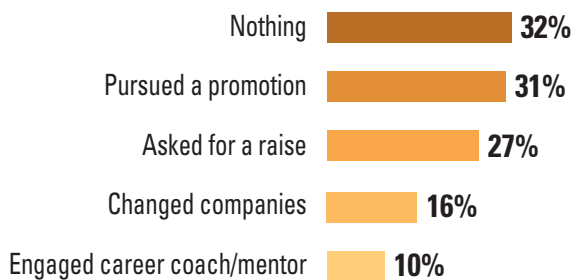


How Their Companies Measure Their Performances¹

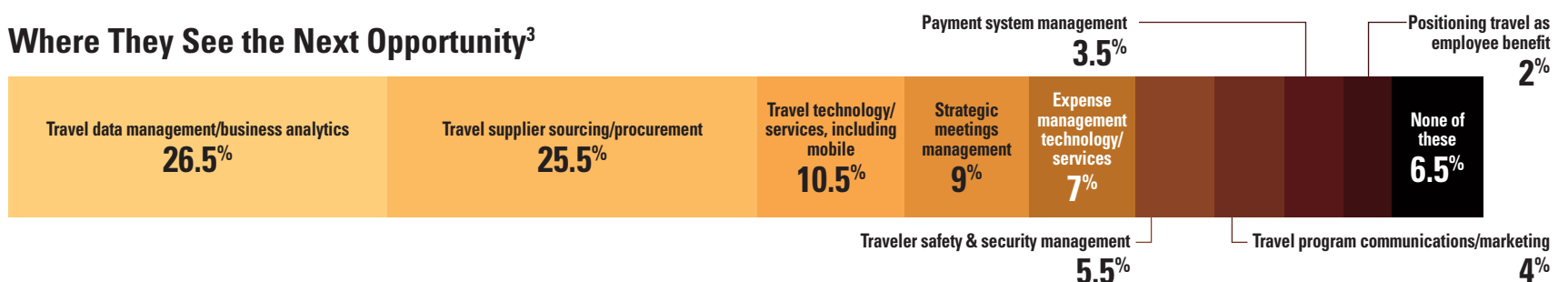


CAREER ADVANCEMENT

Steps Travel Managers Took in the Past Year²



Where They See the Next Opportunity³



me design their entire program, from start to finish,” Brown said. “I’m the one doing everything from picking our TMC and our vendors. I’m their trusted adviser on all things travel.”

The recognition Brown has received from the company has helped maintain her job satisfaction. “Obviously, we’re all motivated by a paycheck,” Brown said, citing bonuses, an internal award and recognition at company meetings as other forms of motivation. “But it’s truly the appreciation I get. I have amazing owners, VPs and senior directors, and they are all so appreciative of everything I do, which is motivating to keep doing better each time we have an event or roll out a new trusted hotel partner. It’s a two-way street.”

What Happened & What’s Next

Asked to detail the biggest changes in their jobs in the past 12 months, several travel managers noted organizational changes. “More responsibility since another department merged with us,” wrote one, while others noted, “Increased responsibility and visibility when I started reporting directly to chief procurement officer,” and, “New leadership is focused on cutting costs. This is a culture shock.”

Others said the biggest job change related to travel management itself—from technology implementation to selecting a new travel management company to further globalizing the travel program. “Transforming the current program to conform with our new people-first culture,” noted one.

For Mattie Yallaly, corporate T&E manager for St. Louis-based midmarket IT and management consultancy Perficient, the most notable change has been the intrusion of accounting practices into the travel management role. “From conversations I have with travel managers here in St. Louis and [other] meetings, this morphing of accounting into this position is becoming more and prevalent, and I am not an accountant at all,” said Yallaly, who serves as a board member for her local Global Business Travel Association chapter. “I can budget just fine, but all these little numbers and little boxes drive me crazy after a while.” She’s looking to procurement and other travel management roles as a next career step.

Projecting the biggest industry change that will affect their jobs in the coming year, 22 percent volunteered that NDC would be that change agent. Several others cited technology, be it artificial intelligence, disruptors, mobile apps or data privacy laws. ■

¹213 respondents

²203 respondents

³200 respondents

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ICO's One-Two Punch Hits British Airways & Marriott with GDPR Fines

BY ELIZABETH WEST

After sending a chill through the European business community by levying a record \$230 million fine on British Airways for a June 2018 data breach, the U.K.'s Information Commission Office announced its intent to pursue Marriott International with a \$123 million penalty under the EU's General Data Protection Regulation for the hacking incident the hotel giant announced in November 2018.

BA's 183.39 million British pound GDPR fine relates to personal data of almost 500,000 customers compromised beginning in June 2018 via a fraudulent site to which users of the BA site were redirected. BA notified the ICO of the incident last September, after which there was an "intensive investigation," according to the U.K. data security watchdog.

British Airways chairman and CEO Alex Cruz said he was surprised at the size of the fine, as the carrier "responded quickly" and "found no evidence of fraud/fraudulent activities on accounts linked to the theft," according to Reuters. The carrier now has a chance to present its case to the ICO before the office issues its final decision.

Nick Wyatt head of research and analysis for data protection firm GlobalData, said 183 million British pounds is a record fine but it could have been even higher. It represents 1.5 percent of the carrier's net sales; GDPR laws permit fines as high as 4 percent, he said. "The ICO's strict enforcement of the new rules will have sent a huge shiver down the spine of many a CEO, as it demonstrates the ever-present threat of a large financial penalty for any company holding customer data," according to Wyatt. "The size of BA's fine must serve as a wake-up call for other companies, many of whom are still highly vulnerable to cyberattacks themselves."

Marriott's data issues, meanwhile, began in 2014 in a system operated by Starwood Hotels & Resorts. Marriott inherited the breach when it acquired Starwood in 2016. Critics, including the ICO, say Marriott failed in its due diligence, allowing the hack to go unchecked for years as the companies merged their systems.

Ultimately, the breach exposed personal information of 339 million consumers, including 18.5 million encrypted passport numbers, 5 million unencrypted passport numbers, more than 9 million encrypted payment card numbers and 385,000 payment cards still live when Marriott disclosed the breach in November. According to the ICO, 30 million European consumers were affected.

In a statement posted on the ICO website, commissioner Elizabeth Denham called out Marriott for its lack of data due diligence and cautioned



"Personal data has a real value so organizations have a legal duty to ensure its security, just like they would do with any other asset. If that doesn't happen, we will not hesitate to take strong action when necessary to protect the rights of the public."

—U.K. INFORMATION COMMISSION OFFICE'S ELIZABETH DENHAM

any company that might have similar lapses of the commission's intent to enforce GDPR. "Personal data has a real value so organizations have a legal duty to ensure its security, just like they would do with any other asset. If that doesn't happen, we will not hesitate to take strong action when necessary to protect the rights of the public," she wrote.

In a filing with the U.S. SEC, Marriott emphasized that the fine has been proposed by the ICO and that the hotel company has the right to respond before the ICO can formally impose it. Further, Marriott president and CEO Arne Sorenson voiced his opposition to the ICO's decision to pursue the penalty even as the hotel company has cooperated with the commission's investigation. "We are disappointed with this notice of intent from the ICO, which we will contest. Marriott has been cooperating with the ICO throughout its investigation into the incident, which involved a criminal attack against the Starwood guest reservation database." The filing noted that the affected database was no longer used for Marriott business operations.

More Fines for Travel Companies?

GDPR fines for data breaches can range up to 10 million euros or 2 percent of a company's annual global revenue, whichever is greater. While the fines for BA and Marriott sound high, the ICO has not exhausted its fining power, according to Samantha Simms, a London-based attorney who specializes in corporate data security and is the senior partner and founder of The Information Collective. "The ICO warned us big fines are coming. It is making a clear statement to organizations and other data protection authorities. With Brexit looming and the [country potentially then] falling outside of the EU data protection regime, the U.K. will need to prove that it maintains a high standard of GDPR compliance. Hefty fines are a great way to achieve this."

Asked whether the travel industry is uniquely prone to data breaches, Simms demurred. "It's not that the industry is uniquely positioned, but it is a personal data-rich industry, making it ripe for picking. Prudent travel companies will use this as a warning and an opportunity." Simms advised travel companies to review their data collection and retention to ensure they have no more data than is necessary and to check the controls they put in place for GDPR and other data privacy laws to be certain that they are "living and breathing compliance."

Further, she said, travel managers should expect their travelers to be aware of the potential for data breaches at supplier airlines and hotels, even those mandated under a corporation's travel program. "This is just the beginning. We should expect more fines of this nature from the ICO and other EU data protection authorities as they continue to show that the GDPR is a law with real teeth," said Simms. "We should also expect fines from regulators and class action cases outside of the EU as data privacy continues to be a key issue globally."

—Additional reporting by Michael B. Baker

Conferma Joins with Procon for Automated Invoicing

Virtual payment specialist Conferma Pay and mid- and back-office technology provider Procon Solution now offer travel management companies an automated invoicing process for virtual cards. The alliance gives Procon's existing TMC clients access to Conferma's virtual card platform, while Conferma's TMC clients now can leverage Procon's automated invoicing service to bill corporate travel buyers for charges made to Conferma's virtual cards. The partnership covers client TMCs located within EMEA and the Asia/Pacific region, the companies said.

Removing manual intervention for invoicing will enable Conferma's clients to "eliminate inefficient payment processes, as well as creating scope for wider expansion and service excellence," said Paul Raymond, director of strategic relationships for Conferma. "We understand the importance of tight controls and cost efficiencies in order to propel growth for TMCs," he added.

Meanwhile, the alliance enables Procon's TMC clients to optimize cash flow by generating virtual cards through Conferma for specific use cases, which then can be billed back to corporate travel buyers, eliminating the need for TMCs to front the cost. ■

TripSource App Update Coming

A new version of the TripSource mobile app launched in July. BCD Travel built the latest incarnation from the ground up to enable travelers to shop, book and manage travel directly from their mobile devices, BCD said. It features improved design and navigation, including enabling travelers to scroll through their trips in time-line order to view flight details and status updates, hotel and rental car reservations, and dinners and meetings, along with in-line policy reminders, phone numbers and maps.

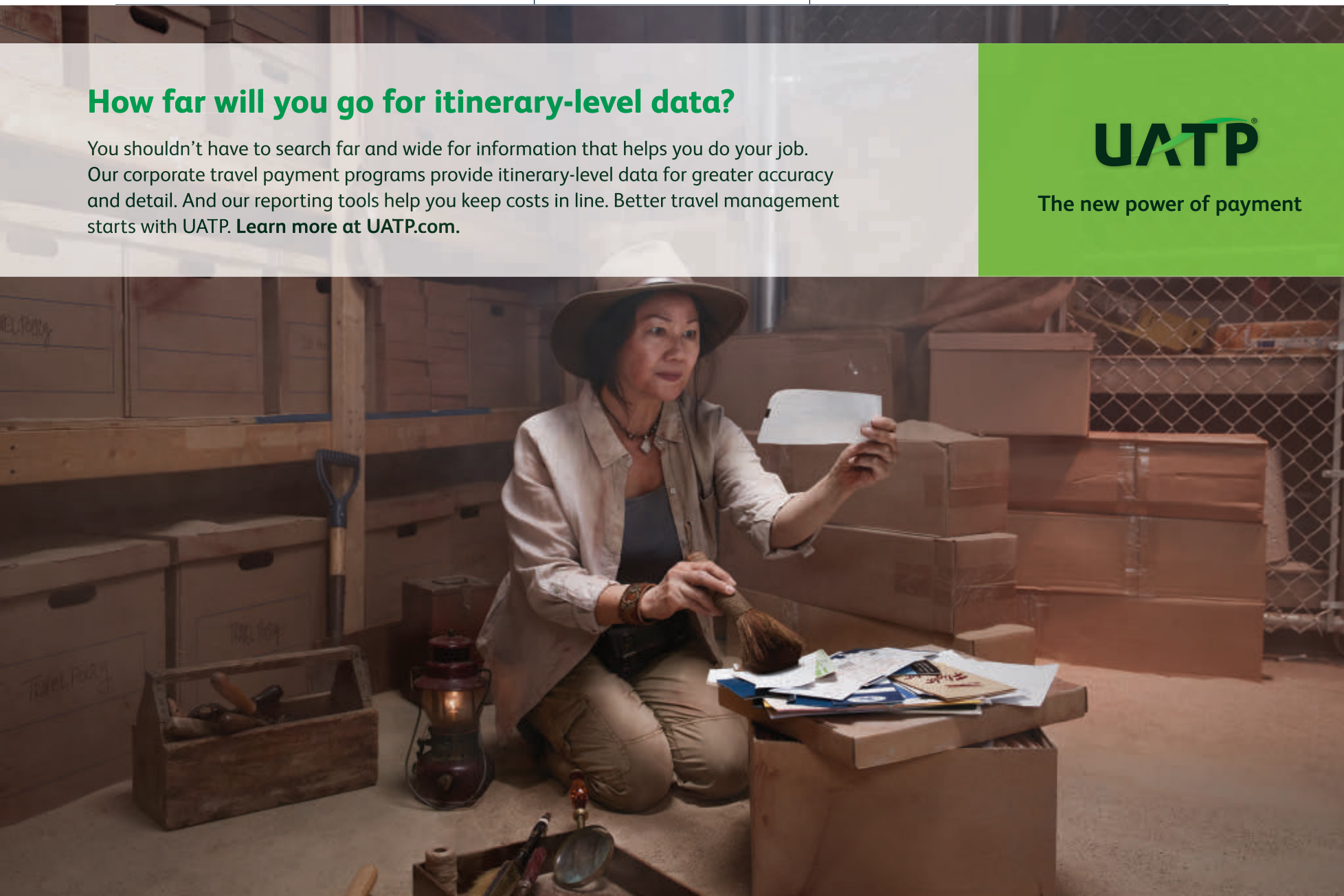
Enhanced branding and policy capabilities enable BCD's corporate clients more easily to co-brand the app with company logos and colors and install custom mobile travel policies for quick reference on the road. Enhanced self-service tools and pre-trip planning and booking capabilities also appear, BCD said. Some providers, such as Roadmap, specialize in building branded travel management apps for corporate clients from the ground up, but BCD said TripSource's enhanced branding capabilities aren't necessarily a foray into that space. "The new branding functionality is not a direct response to competitive pressure but rather to our understanding of market needs," said product strategy VP Will Pinnell. "Many of our clients have branded their travel programs and expressed a desire to personalize the experience for their travelers" via features like logos, colors, links, city guides and other custom content. That personalization can help drive engagement with the app, he added. ■

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Travel Managers Grapple with Resort Fees as Marriott Gets Sued for Them

BY ELIZABETH WEST

Travel managers have railed against the recent increase in “drip pricing” practices among their hotel partners. At BTN’s recent Business Travel Lodging Summit, Cognizant North America travel manager Drew Mitchell asked the buyer audience, “Who paid a destination fee for your property this week? Great. That was 8 percent to 15 percent of your room rate that you don’t get to track or claim as leverage for your negotiations next year.”

It’s not just travel managers who are increasingly concerned. Attorneys general in all 50 states and the District of Columbia have been investigating the mandatory charges variously called “resort fees,” “destination fees,” “service fees” or “amenities fees” at a number of hotel brands, including big names like Hilton, Hyatt, InterContinental Hotels Group and Marriott International. D.C. Attorney General Karl Racine has filed an individual case against Marriott independent of the broader investigation.

Marriott has “reaped hundreds of millions of dollars over the past decade from this deceptive drip pricing,” said Racine, whose suit cites daily fees ranging from \$9 to \$95 dollars at 189 Marriott properties globally. It’s not the fees themselves, however, that are the grounds of the lawsuit; it’s the way they are disclosed.

“Resort fees” or “destination fees”—which cover items like newspapers, access to fitness rooms or gyms, Wi-Fi and other amenities—actually can turn up in any type of hotel, not just resorts and high-end leisure destinations. The charges aren’t listed in online booking tools as part of the rate, either on consumer sites like Expedia or Booking.com or on corporate booking tools. Rather, they appear after the traveler initiates the booking and payment, if the payment is made upfront. If just making the reservation online, travelers may not see the fee until they check out at the hotel front desk.

“We initially saw this on the group side,” said travel and meetings buyer Amy Perrone. “It’s often in compressed markets, and they look to any buyer like a way to make us pay more without officially raising the rate.” Racine called that “bait-and-switch advertising” and said it is “unfair and illegal.”

Bjorn Hanson, hospitality consultant and EVP of 795 Fifth Avenue Corp., argued there are plenty of reasons an individual hotel or group of hotels would separate a fee from the base rate and there’s a difference between an “unpopular” pricing strategy and an “unlawful” one.

Challenging market dynamics have been one reason, Hanson said, estimating average daily rate growth in the U.S. at about 2 percent for 2019.



Urban Oasis?

“Resort fees” or “destination fees,” which cover items like newspapers, access to fitness rooms or gyms, Wi-Fi and other amenities, can actually turn up in any type of hotel, not just resorts and high-end leisure destinations.

“But things like real estate taxes, labor costs and insurance will increase by much more than 2 percent.” That means U.S. lodging industry profits are likely to decline this year, despite the likelihood that occupancy rates could be at their highest since 1981, he said. “When pricing power isn’t enough to keep up with costs, you start to see these kinds of fees.”

He also argued there are customers who like to see the fees separated in order to weigh the value of what is being offered in the amenity package. He elaborated, “You could argue that pricing amenities separately provides more transparency” for the customer. Hanson also said such fee structures could save consumers some money, as most cities don’t impose occupancy taxes on fees.

Asked whether hotel owners or managers could take advantage of such structures simply to make their rates appear lower, he acknowledged, “Almost certainly.”

Marriott is by far not alone in such practices. Racine may have targeted the Bethesda, Md.-based hospitality giant because the company is headquartered in D.C.’s backyard and his team was deputized to cover the brand in the industrywide investigation. Yet, Hanson suggested the lawsuit as currently filed may be imprecise, given that Marriott manages hotels on behalf of owners for the vast majority of all properties flying one of Marriott’s 30 flags. In some cases, Marriott established the fees. In other cases, an owner or private management established them. In almost all cases, Hanson argued, Marriott is not the primary beneficiary of the resort or destination fees. That would be the hotel owner. Naming Marriott as the sole defendant, he said, looks “uninformed.”

How Drip Pricing Affects Travel Managers

That asset-light commercial structure, which has become more common among larger hotel brands, is part of the frustration for travel managers. Mitchell’s complaint is not simply that resort or destination fees are in play but that there is no systematic way to determine which hotels will apply them, or when, even though travel managers may officially negotiate such fees out of their contracted rates. “Even if you have volume and are lucky enough to get that fee waived,” the fees may still show up, “and it is not easy to recognize them,” he told the audience at the lodging conference in New York City, where his partner hotel—he did not disclose the brand—incidentally charged him a destination fee.

“I looked at my app last night, [and] there was a \$25 fee. I looked [deeper] and it said ‘Cognizant exempt from this fee.’ When I drilled down further in the app, I saw ... it’s still going to be on the folio, [but] I’ll get a \$25 food credit.” Mitchell contacted the elite desk about the matter. “I was pressing them and pressing them. What does this mean? Do you have a report for me? I want to know what we have left on the table with this credit.” After extensive questioning, the desk told Mitchell not to worry about it since the fee won’t affect him. “That answer isn’t good enough,” he said.

Ultimately, Mitchell took screenshots and asked his national account managers for reporting, but

nothing was available. “They came back to me and said they didn’t have a report, that they don’t control the food and beverage and it’s a franchise so they can’t capture it. I feel like partners hide behind their franchisees or management companies to prevent us from getting that insight or knocking those fees out. Two years ago, I came to the same location; I did not pay a destination fee.”

Mitchell is not alone in this frustration. Hanson, who compiles an annual hotel fee analysis, detailed to BTN last year a marked increase in hotel service and amenity fees. He recently asked corporate travel managers: Have you been charged fees on the hotel folio that should not have been there based on a contract in place with the brand? “The answer was often yes,” Hanson revealed. “I’ve also asked the question: Were you ever not able to have it removed? The answer to that question is no. That does not mean the process of getting it removed was without frustration,” he added.

Will the Lawsuit Help Travel Managers?

Should Racine prevail in the case, Marriott would presumably be compelled to disclose mandatory fees in upfront pricing, which would at least give travelers a means to make informed decisions for the brands

beneath that umbrella. That assumes corporate online booking tools would be able to display the fee information.

It remains to be seen whether broader legal action might result from the larger industry investigation, but so far, the FTC, which would normally prosecute a consumer case like this, has not gotten involved. That could be an indicator of the strength of the suit. Regardless, Hanson said, the industry is watching closely, as virtually all brands have a stake in the outcome.

In the meantime, market forces may already be in play to favor hotel companies that adjust fee practices without government intervention. Booking.com and Expedia, both of which were among 22 hotels and online booking sites that were served a 2012 “warning letter” by the FTC about drip pricing schemes, have taken their own actions. Booking.com, looking at its own commercial issues more than the consumer backlash, moved in May to charge commissions on the base rate plus the fees, where previously the company had charged commission only on the room rate. The move obviates the rationale for hotels to separate rates and fees to avoid paying commissions. It does not, however, address how rates and fees are displayed in search results.

Expedia, on the other hand, is planning a display-biasing approach. A company executive told Skift in June it is working to push lower on the list of search returns those hotel rooms that have added resort and destination fees. Because fee schemes have been an effective tactic for hotels to game their positioning in online travel agency sort orders, such commercial moves could mute their usage.

Can OTA machinations solve any issues for corporate buyers? If they can dissuade properties from imposing mandatory fees and, rather, induce them to include the entire rate upfront, they could. As the market dynamics play out, Racine has indicated that filing a suit against Marriott might at least raise awareness among travelers of the broader practice.

That’s the last line of defense for Mitchell. At least for now, he said, he has to rely on his managed travelers to notice such fees and either report them or individually get them refunded. Hanson had a different read on the situation. “There’s a risk for one jurisdiction to go off on its own with an imprecise complaint,” he said. In other words, if the D.C. lawsuit doesn’t accurately address the issue, it raises the chances that the plaintiff will lose, signaling to the industry that the fee situation is A-OK. ■

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Airline CEOs Worry of Eroding Public Trust as Boeing Max Return Drags On

American and United have extended cancellations of Boeing 737 Max flights to early November and Southwest to early January. This affects about 150 daily flights for Southwest, which has the largest Max fleet among U.S. carriers, and 115 daily flights for American. For United, it means about 2,100 cancellations in September and 2,900 in October.

So it goes. The time line for the Boeing 737 Max's return to service continues to get longer as airline executives worry the grounding will have even more long-lasting implications on the perception of the industry's safety and regulatory framework.

After the aircraft type was grounded in March following two deadly crashes, airlines that have 737 Max planes in their fleet had hoped the fix, which involves flight-control software linked to those crashes, would have the aircraft back in the air by the end of the summer. Then in late June, the U.S. FAA reported the detection of another safety issue on the aircraft that needs addressing.

Speaking at the International Air Transport Association's Annual General Meeting in June, airline chief executives said the potential impact went much deeper than the Max itself. For one, the FAA was the last of major aviation regulatory authorities to ground the aircraft type. If it were to approve the Max for use but other regulatory authorities around the world did not, operating them would be a challenge, especially for non-U.S. carriers that use them on international flights. Singapore Airlines CEO Goh Choon Phong, whose regional wing SilkAir has six of the aircraft grounded, said regulatory approval from Singapore alone—where, of course, there are no domestic flights—would be only a small step. "I would need approval from countries that we intend to operate the Max in, and that adds another dimension of



Retired airline captain Chesley "Sully" Sullenberger, accompanied by other pilots and former FAA administrator Randy Babbitt, spoke June 19 before the U.S. House Committee on Transportation & Infrastructure at a hearing on the status of the Boeing 737 Max.

complexity," he said. "Beyond that, we'll need pilots to communicate and be able to assess the situation, and we need the public confidence."

Lufthansa Group CEO Carsten Spohr expected to see the Max flying on domestic U.S. routes while still not approved on all international routes, which he said would add to passenger uncertainty around the aircraft. "This is a global industry, and it needs global trust," Spohr said. "We have global passengers, so how do you explain to passengers that the airplane is safe in some parts of the world and supposedly not safe somewhere else?"

A Global Business Travel Association poll in early June of 155 of its buyers revealed some concern already brewing from buyers and business travelers alike. About 60 percent said their employees had expressed concern about flying on Max aircraft for business travel, and about the same percentage of travel buyers were concerned about their travelers' safety. Two-thirds expected their travelers would be at least somewhat likely to change travel plans to avoid the aircraft type.

The trust issues could extend well beyond the Max aircraft or Boeing itself, JetBlue CEO Robin Hayes said. "If you take a step back and look at the huge advances that have been made over the last few decades in aviation safety, that has happened because of a very deliberate strategy of regulators, manufacturers and operators all working together. My biggest concern is that people start to question the whole regulatory framework, which I think has been largely successful over the last 20 to 30 years in promoting a safer industry."

IATA director general and CEO Alexandre de Juniac in late June said global regulators will have to work closely together to alleviate those concerns. "We trust in the FAA, in its role as the certifying regulator, to ensure the aircraft's safe return to service, and we respect the duty of regulators around the world to make independent decisions on the FAA's recommendations," he said. "At the same time, aviation in a globally integrated system that relies on global standards, including mutual recognition, trust and reciprocity among safety regulators. Aviation cannot function efficiently without this coordinated effort, and restoring public confidence demands it." ■

France Plans Airline 'Eco Tax'

France next year plans to introduce an "eco tax" ranging from 1.5 to 18 euros per ticket for flights originating in France, said French transport minister Elisabeth Borne. The tax, which she tweeted was "a response to the ecological urgency and feeling of injustice expressed by the French," varies based on the type of ticket, according to the BBC. Domestic economy flights and those within the European Union, for example, are at the bottom of the range, while business class tickets outside the EU have the highest tax. It will not apply to flights landing in or connecting through France.

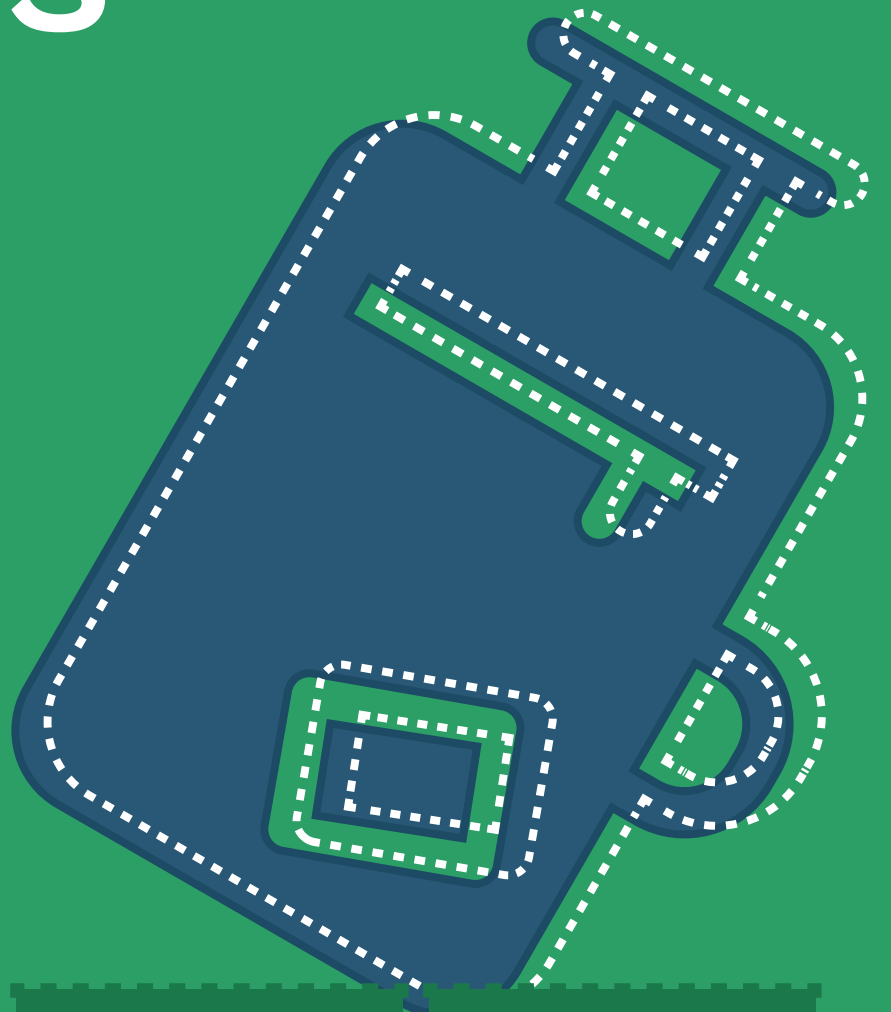
Air France said it "strongly disapproves" of the proposal and estimated it would add costs of more than 60 million euros per year for Air France-KLM. "The new tax would significantly penalize Air France's competitiveness, at a time where the company needs to strengthen its investment capacity to more rapidly reduce its environmental footprint, notably as part of its fleet renewal policy. The government's decision is all the more incomprehensible as this new air transport tax would reportedly finance competitive modes of transport, including

road transportation, and not the energy transition in the air transport sector."

ICF Aviation Group VP Samuel Engel said Air France-KLM has "fair grounds to complain" considering that France already subsidizes rail travel but said low-cost carriers would probably take the larger hit, considering the tax would represent a much higher proportion of their average ticket price. Other countries, including Germany and Sweden, already have introduced similar "green taxes," and Engel said more are likely on the way. "This week's move comes in the context of a rising perception across Europe that air travel is an ecological taboo, even as it is increasingly a top priority for the industry," he said. "The public conversation seems to invite politicians to seize a taxing opportunity, one in which the tax can be partially 'exported' to foreigners and sluffed off on business or wealthier citizens." ■

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Concur's NDC Pilot an End Run Around GDSs— for Now

BY ADAM PERROTTA

With global distribution systems involved in what many believe will be a lengthy process to integrate New Distribution Capability, SAP Concur is piloting an initiative to give its corporate travel buyer customers direct access to NDC content, bypassing the global distribution system channel entirely.

Underway since June 1, the pilot is live with six travel management companies, including U.K.-based Business Travel Direct and Travel & Transport Statesman. NDC content is available from Lufthansa and British Airways, and American and United content is set to roll out soon, according to the technology company.

Aggregator Travelfusion delivers the NDC content through the Concur booking tool's Travel Select Access feature, which for the past 15 years has offered direct bookings for low-cost carriers and other non-GDS content. That non-GDS booking capability now is being expanded to include NDC content from additional airlines. In Concur's configuration settings, travel managers now can choose which individual carrier's content to enable via Select Access. Notably, Select Access presents all content, including NDC and bookings otherwise available through the GDS, in one channel; all bookings—NDC and otherwise—circumvent the GDS, Concur said.

That single-channel approach has been somewhat controversial. Critics argue in favor of a two-channel model in which only NDC content that isn't available via GDS is booked outside of the GDS. But presenting

booking options from two content sources for a single carrier creates a confusing and inefficient service experience for the traveler, said Concur SVP of supplier services Charlie Sultan, which may cause them to accept needlessly high fares. "We believe that simplifying the traveler experience by keeping all of a supplier's content in a single channel is the quickest and best possible approach for our corporate customers," he said.

As to how TMCs might react to reduced ticket volume via the GDS—and reduced GDS revenue as a result—Sultan noted that the TMC still acts as a key link in enabling the Select Access process and must be credentialed by the relevant airline. Presumably, it will be each agency's call whether to impose a "handling" charge or other fee on bookings that take place outside the GDS.

Further, one of the TMCs participating in the pilot is working with TravelPort to continue to provide support and service for bookings made through Select Access, Sultan said. However, he did acknowledge that the direct booking model could present difficulties. "Some TMC aren't equipped to handle servicing these NDC bookings, and for them, if one of their customers wants to turn this on, that would be significant challenge," he said.

Additional airlines and TMCs could be added to the program, pending demand, Sultan added.

Ultimately though, Concur is viewing the service as more of a bridge, enabling travel buyers to access NDC content until such content is available via the GDSs, as opposed to a long-term paradigm shift.

"We've heard from a majority of TMCs that they want to wait for [NDC] to come to the GDS. That's what we consider to be the large, scalable solution, but there's a lot of complexity to that process. We're not sure how long it will take," Sultan noted. "Lots of customers are saying 'we don't want to wait,' so for those companies, we're offering other solutions." ■

Southwest Joins NDC Exchange, Expanding Reach to Corporates

BY MICHAEL B. BAKER

Southwest Airlines has joined ATPCO and SITA's NDC Exchange platform. Southwest senior director of B2B strategy Rob Brown said that will enable the carrier to expand its reach to corporate travelers. The platform—already joined by Delta, United and several other carriers—enables application program interface connectivity between airlines and

sellers using New Distribution Capability. The corporate travel space will be the primary focus for the platform, according to Southwest.

"Since we launched our own API in 2010, we've been very intentional about growing it and working with corporate booking tools and have been very successful with the partnerships we have in

place," Brown said. "With this service layer here, it allows us to have one connection to potentially many of the partners that ATPCO will have as partners on their side, and we're excited about the breadth that it will provide."

Joining the NDC Exchange will not affect Southwest's current distribution partners that are not in the exchange, he said. However, Southwest will require any new partners "to provide all the services that we offer to the business travel community, not just booking and ticketing but servicing reservations with modifications and changes," he said.

Southwest is working through a test booking period to make sure "the booking will happen in the way that we want them to happen," Brown said. The carrier expects to go live with its partners via the exchange by the end of the summer. ■



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Sabre's New OTA & LCC Content

Sabre Corp. has added Booking.com, Bedsonline and Expedia Partner Solutions content to its global distribution system's traditional hotel listings. It also plans to expand the range of low-cost carrier content it serves up to agency and corporate users of its GDS.

ONLINE TRAVEL AGENCY HOTEL CONTENT TO SERVE MIDMARKET TRAVEL MANAGEMENT COMPANIES

Travel management companies that work with Sabre will be able to shop and book more than 1 million properties from multiple sources, and the bookings all will be active GDS segments, which means agents can service a single passenger name record. Sabre connects to the online travel agencies via application programming interface.

The launch of OTA content comes at a time when the major TMCs have created their own hotel distribution solutions that also incorporate OTA content channels but are not necessarily connected to a GDS. CWT launched RoomIt in 2017. In March, American Express Global Business Travel appointed Margaret Bowler, formerly of HRG, as director of global hotel strategy to lead the development of a new GBT hotel content strategy. And in June, BCD Travel unveiled its new Stay by BCD product, headed by April Bridgeman, who became SVP of hotel solutions in April.

Sabre "is giving options to smaller agencies that can't build a TripSource or RoomIt-type product," said Areka Consulting Americas managing partner Louise Miller, referring to the BCD and CWT tools. She added that small to midsize TMCs are the target market for the Sabre solution. "It helps smaller agencies compete." While the major TMCs also provide content from OTAs and other booking channels, they bypass the GDS. A change to the booking likely would require a smaller agency to work through a different channel to make the change, potentially for a fee to the customer, as the non-GDS hotel booking isn't native to the PNR.

Even so, Festive Road managing partner Caroline Strachan said getting these market rates in front of travelers is critical for program credibility, and she sees multiple benefits to having the bookings at a PNR level: It normalizes the content so the platform can filter to the best rate or other attribute, rather than having travelers scroll across multiple offers and sources; it links duty of care and data flows; and it potentially sets up hotel retailing within the GDS.

Some TMCs have their own deals with a Booking.com or and may be using their portals to book. These agencies may not turn the rates on in the GDS, as their "cut" of those rates is much bigger when they go direct, Miller said. "But many are not large enough to get a deal, so this is good for them to give traveler confidence in the managed channels. At least 50 percent of the time, the GDS commissionable rates are the same or better, so the TMCs end up with a booking that's commissionable in the end anyway."

Essentially, what all these solutions are trying to do is to get bookings into a managed channel, as leakage is still a major issue for most companies. The movement toward new hotel solutions "improves the data for duty of care, provides previously consumer-only rates for [comparison], and bringing in more hotel bookings will offset the possible lost commissions," Miller said.

In a usability study, Sabre found that product normalization helped agents reach a booking decision 30 percent faster. The new API capabilities soon will be incorporated across all Sabre points of sale including Sabre Red 360 and GetThere, and additional API enhancements will come in 2020.

—Donna M. Airoidi

Sabre "is giving options to smaller agencies that can't build a TripSource or RoomIt-type product."

—AREKA CONSULTING'S LOUISE MILLER

CORRALLING LOW-COST CARRIER CONTENT AS IT EXPANDS

Sabre also is developing a multisource LCC content hub, though it has not named any participants, either airline or aggregator. For now, the project is going by the name Project Troubadour. Sabre Travel Network president Wade Jones said, "The level of effort required to do it is not as significant as the work that we did on Content Services for Lodging. By the end of the year, we'll have some content integrated."

During a Sabre client event in June, Jones pointed to LCC expansion in the global airline market. LCCs have doubled capacity in the past decade, "and they now represent about 30 percent of the market," he said. "But they don't participate in a robust way in the GDS marketplace. Not unlike hotel, when they do, it can sometimes be at a compromised experience in the agency workflow and the customer experience."

Travelfusion has been the force to reckon with in LCC content aggregation. It aggregates LCC content by way of direct connections to airline APIs, as well as HTML screen-scraping for more than 100 LCCs around the world, many of which don't participate fully in GDSs.

Travel agencies of all stripes, from TMCs to OTAs, as well as corporate online booking systems, including Sabre's GetThere, tap Travelfusion for LCC content. Travelfusion also has emerged as an aggregator of airline content in support of New Distribution Capability-certified connections to larger, full-service airlines.

The quintessential LCC business model strips out costs like traditional GDS participation, and so the Travelfusion model has been premised on charging users on the buy side, not the supplier side, for bookings. Asked if Sabre's initiative is akin to Travelfusion, Sabre Travel Network SVP of product management Brett Burgess said: "It will be different from how Travelfusion works, but it's the idea of multisource aggregation, the ability to represent it alongside other travel options and make it easier for the traveler and the agent to manage it."

Travel agencies note that Travelfusion adds wrinkles to their workflows and data access. Sabre aims to bring LCC content more in line with familiar GDS-based workflows. "Our intention is to fully integrate this content into the agency workflow, through the mid and back office for improved productivity and efficiency at a lower-cost technology," said Jones.

Burgess said, "The sources of this content are all over the place, and LCCs' capability in making their content available outside of their own website is really varied. The larger LCCs are pretty sophisticated at it, and they have good, robust APIs. The smaller LCCs in smaller markets are less [sophisticated]. Figuring out the technology hurdles and how to get over that and how to normalize that experience for an agent or for a corporate traveler is not a small task. Similar to what we tackled on the lodging side, it's valuable to figure that out."

Sabre did not divulge much in the way of commercial models for its LCC play. "We have to be open to new ways of sourcing content, and we have to be open to new business models—and we are," Jones said. "Our content strategy is to dramatically increase the amount of content and types of content into a multisource across all the channels that you need."

Jones said the LCC expansion for Sabre's subscribers is "not as simple as just bringing in the content. You really do have to think about the intersection of content, capabilities and the commercial model. We think we're really onto something here."

—Jay Boehmer

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We Need to Talk About Online Travel Agencies

BY CAROLINE STRACHAN

I'm going to say this out loud. We, the business travel community, are letting the online travel agencies gain an even more dominant position in the marketplace, without truly recognizing how it will impact us all.

OTAs already dominate the leisure hotel booking marketplace. You only need to attend or speak at a hotelier conference to be asked, "What can we do about a hotel's dependence on OTAs?" like they're addictive occupancy drugs that come with a number of side effects.

Now, I'm no hotel revenue management expert, but I get the supply-and-demand dynamics of perishable goods like hotel rooms and therefore the need to fill, fill, fill those rooms. Every hotel needs a mix of business to fill its rooms. Location might make one or the other predominantly leisure or business, mixed up with some tour group, crew or meetings business. That mix commands different rates—and therefore yield—via different channels and helps plug gaps if a property is in a down season or a period of downtrading. The art of revenue management and smart distribution has become the secret weapon of every hotel. Hotels have worked out how to release and hold their inventory of rooms based on factors like day of the week, citywide events and onsite meetings. This enables them to fluctuate the price of their bedrooms; a bedroom that hasn't been slept in is a waste, just as out-of-date food is to a supermarket. Hotels' techniques are becoming more sophisticated, even helping them fend off the bots continually shopping for reduced rates.

OTAs spend literally billions of dollars a year in advertising to win over leisure traffic, for which OTAs charge hotels high commissions. Basically, the OTAs tell hotels, "Pay us more commission, and we'll do the advertising for you." There's much debate among hoteliers as to whether the system favors the OTA or the hotel, but the majority are in the OTA-wins camp. So if OTAs own the leisure space, it's natural for them to come hunting for the business traveler.

Business travelers are easier for hotel companies to acquire, via "preferred" hotel rates negotiated between the company and the hotel. These "special" rates then appear in business travel booking channels for ease of booking, though with much rate loading/auditing pain. Sometimes these rates garner 1,000, or even



Caroline Strachan is managing partner at Festive Road

OTAs



OTAs already dominate the leisure hotel booking marketplace. It's natural for them to come hunting for the business traveler.

5,000 travelers a year for a property. Not a bad deal, especially as there's no double-digit commission to pay an OTA. It's a nice deal, and in return, the hotels generally look after the business travelers and don't stick them in the dark rooms overlooking the air conditioning units.

However, OTAs are luring business travelers with "lower" rates by distributing and making their rates bookable via travel management company/online booking tool channels. Whilst other suppliers might be leaving these channels and creating direct book platforms, OTAs have actively pursued them. Why? A business traveler will still garner the OTA its eye-watering-for-hotels commission from the hotel with the added bonus of costing the OTA nothing to advertise, though the OTA will spend some on a corporate sales team.

An OTA booking also may not earn the traveler any status or points, and the air conditioning-view room becomes more likely when travelers book OTA rates. And now OTAs are partnering with the major travel tech providers to integrate these rates alongside other standard rates in corporate booking tools, a smart way of winning additional market share. OTAs stand the chance to rapidly grow their market share and become even more dominant.

The business travel industry's quick win in using OTA rates is that travelers will see the lowest market rates, but how will these be displayed? We shouldn't expect the traveler to understand what's included in one rate versus another. And herein lies an opportunity. You may be following the development of the Next Generation Storefront capability that allows better comparisons among airline products at the point of sale. It seems we'll need NGS for hotels now, too. Some forward thinkers are already on this. For instance, the RoomIt by CWT display clearly shows what's included in a hotel room rate, including those elusive loyalty points—or not, as the case may be.

Don't get me wrong. I'm all for a dynamic and progressive marketplace, just as long as the buyer/customer is aware of the shifting sands. The more we welcome OTA rates into the business travel ecosystem, the more we impact hotel profitability. Maybe that's OK as long as we all are aware of the shifting profit across the value chain. Maybe it's time to scrap corporate rates all together and move to a full and open hotel marketplace. Some leading-edge buyers are already thinking differently about hotel spend, and others are walking away from a reliance upon the much-maligned annual RFP. Whatever the strategy, I hope buyers are keeping a critical eye on internal demand/traveler need and overlaying this with an understanding of this shifting marketplace. As under any strategy, it's critical to keep an eye on the road ahead. ■

Business Travel News (USPS 0728-870, ISSN 8750-3670) August 5, 2019 Issue 858 Vol. 36, No. 11. Business Travel News is published monthly except thrice-monthly in April and semi-monthly in June, August, September, and November 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. BPA

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