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# BTN

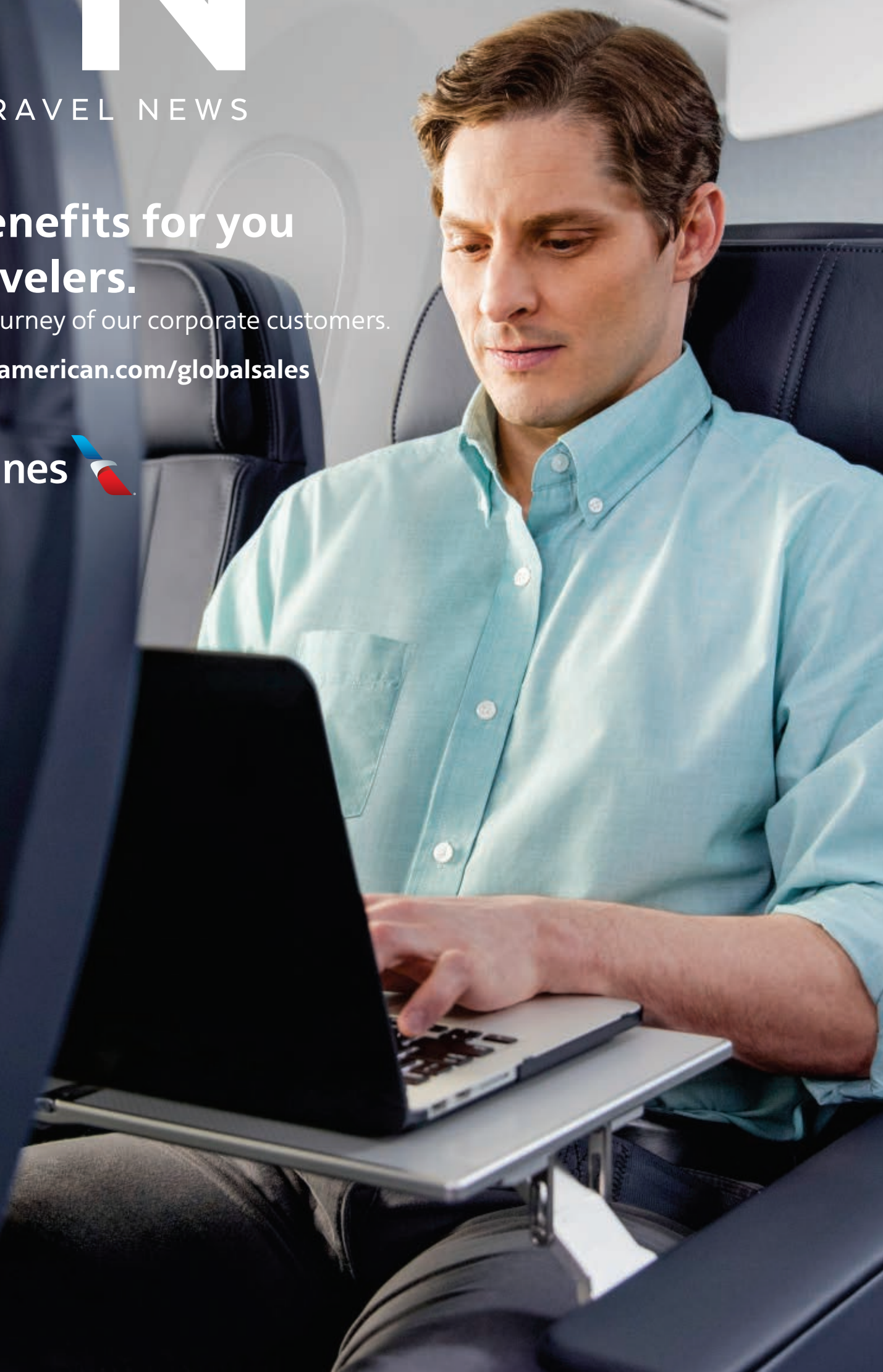
BUSINESS TRAVEL NEWS

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# BTN

BUSINESS TRAVEL NEWS



## PREMIUM TRAVEL

Airlines are growing and diversifying their premium class offerings, but buyers still are in the early stages of updating travel policy to reflect it.

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## GLOBAL INSIGHTS

India has the fastest-growing business travel spend of any major market and a rapidly maturing corporate travel management role.

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## LODGING

InterContinental Hotels Group's Betty Wilson details the chain's new spending data dashboard for corporate enterprise clients.

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## TOP STORY



A traveler to Incheon Int'l Airport in South Korea gets a temperature scan at immigration.

BY ELIZABETH WEST & CHRIS DAVIS

# Industry Weighs Coronavirus Response As China Cut Off

The largest business travel market in the world has become isolated as airlines halt international service and companies suspend operations in China, restrict business travel and cancel or relocate meetings as the novel coronavirus outbreak further grips the country.

Dozens of airlines throughout the world, including American Airlines, Delta Air Lines, United Airlines, Air France, British Airways and Lufthansa, have suspended all flights to mainland China at least through the end of this month and in

FULL STORY ON PAGE 7

## Ride-Hailing Traffic Spurs Airport Curbside Chaos

BY DAWIT HABTEMARIAM

Los Angeles long has been plagued with horrible traffic congestion, and Los Angeles International Airport has not been spared. But in October, when LAX mandated that pickups from ride-hailing services—transportation network companies and taxis—occur at a facility called LAX-it instead of in terminal roadways, congestion became even a bigger mess, said L.A.-based Snapchat global travel manager Sean Parham.

“To counter the traffic that’s been caused by the influx of ride-hailing, they basically removed Uber, Lyft and the taxis from the pickup point,” said Parham. Travelers now must walk or take a free shuttle to a designated lot called LAX-it, though the shuttle picks up passengers at each terminal and uses dedicated lanes to travel directly. LAX-it is a temporary solution until LAX’s train, called Automated People Mover, becomes operational in 2023. APM will pro-

vide travelers a way to access and depart from the airport.

“It didn’t go over smoothly. It’s been quite a mess. It has caused some friction for our travelers,” Parham said. “We’re seeing travelers ask to fly out of other airports rather than going out of LAX now.”

But LAX isn’t the only airport drawing the ire of Snapchat’s travelers because of congestion. Parham’s travelers are ditching San Francisco International for San Jose International and Oakland International, and ditching La Guardia Airport for John F. Kennedy International and Newark Liberty International. Parham has discussed with airlines the possibility of shifting Snapchat traveler traffic to airports other than LAX, like Hollywood Burbank, Long Beach or Ontario International, until congestion eases up.

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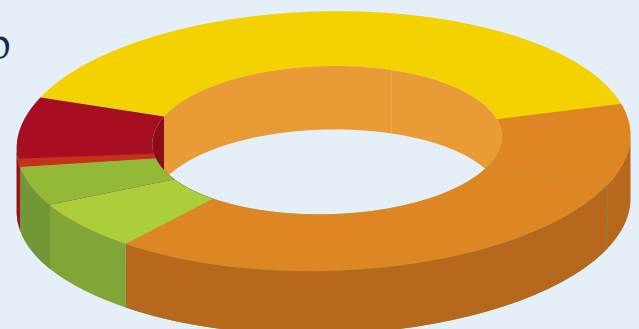
Wex’s Nicola Morris on the company’s acquisition of travel payments provider eNett from Travelport

“[eNett and related financial technology specialist Optal] have a really strong record of growth in a high-growth industry and are a great complementary fit with our business.”

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### Viral Impact

How concerned are your company’s executive/senior leadership about the coronavirus and its potential impact on business travel and employee safety?



Very concerned 40%  
Somewhat concerned 40%  
Neither concerned nor unconcerned 7%

Not very concerned 5%  
Not at all concerned 1%  
Unsure 8%

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## STR, Tourism Economics 2020 RevPAR Forecast Lowest Since 2009

BY DONNA M. AIROLDI

STR and Tourism Economics anticipate flat 2020 year-over-year growth in U.S. hotel revenue per available room, the first such zero-growth projection since 2009, according to the companies' latest forecast, released late last month at the Americas Lodging Investment Summit in Los Angeles.

The anticipated 2020 RevPAR rate was downgraded from 0.5 percent in November. The projection for 2021 RevPAR is a slight uptick, 0.5 percent year over year, but that too is down from the previous 0.7 forecast. Occupancy is also expected to decrease slightly in both 2020 and 2021, by 0.3 percent and 0.1 percent, respectively. Average daily rate is anticipated to grow, but at continued low levels of 0.3 percent for this year and 0.6 percent for next.

Supply growth for both years is forecast to exceed demand, which will likely contribute to muted ADR growth.

"[The forecast] is realistic of where we are in the cycle right now," STR president Amanda Hite told BTN. "The positive news is that we have demand growth on top of the all-time highs [in occupancy] that we saw in 2019, and that speaks to the strong consumer confidence that we see in the economy and the growing wages. Those are the indicators and factors that will continue to drive growth for our industry."

Hite added new supply is a key issue. On a national level, the industry can absorb it, but certain markets might see a real effect. "New supply growth is one of the reasons why there is lackluster ADR growth for the industry," she said. "There is no indicator in the industry or in the larger macroeconomic environment that says this will give us more positive rate growth than what we've seen. So that is why we've lowered the rate forecast to 0.3% for this year. We think the economic environment is stable. There is just as good a chance we can go slightly positive or slightly negative."

One factor that could move the performance numbers upward is capital investment from private companies. "There's not been any capital investment happening, so if that were to start flowing a little in 2020, that could be positive for us," Hite said. "But I don't expect it to because it is an election year, and I think companies will wait to see what happens."

### Transient Performance

Transient data from the 65,000 hotels STR collects information from is not segmented between business and leisure. However, the company reviews day-of-week changes in performance indicators as a way to look for trends in each segment. Looking at the annual day-of-week changes for 2019, STR saw the largest growth in occupancy on Monday, at 0.64 percent year over year, followed by Tuesday at 0.04 percent. The other days had negative changes. "This points to the transient business and group business demand," Hite said. Tuesday's



Amanda Hite

### Projected 2020 U.S. hotel year-over-year change

SUPPLY	1.9%
DEMAND	1.6%
OCCUPANCY	-0.3%
ADR	0.3%
REVPAR	0.0%

Source: STR/Tourism Economics

ADR change of 1.92 percent year over year was the highest day-of-week change. The largest increase for RevPAR also was for Tuesday, at 1.97 percent.

### Group Outlook

STR doesn't collect forward-looking group data in the U.S., but Hite cited anecdotal evidence through conversations of stronger 2020 group business than in 2019. "That's great news from a demand standpoint, but I'm not sure it will translate into any significant room rate growth," she added.

One trend that Hite said was surprising was that month-to-month group demand growth rates at the end of 2019 started to slow, though still positive, but group rates maintained steady growth. Since group business frequently is negotiated four to six quarters out, "hoteliers were in a much stronger negotiating position because transient rates were so high and ADR was growing," she said. "We're not certain that the trend of ADR growth on the group side will continue into 2020."

STR also has heard that operators are focusing on groups to drive revenue in food and beverage and auxiliary spending, rather than the room rate. "Because operators want to get that group business in the door, they're not increasing the room rate, but where they are seeing additional spend is the revenue for F&B and other ancillary spend," Hite said.

### Risks for 2020

For the top 25 markets in 2019 and moving into 2020, STR sees a tougher operating environment than in other markets. "That is where you see the new supply coming in," Hite explained. "Yes, they tend to get more of the demand, but the operating fundamentals and environment is much tougher in the top 25 markets, and I expect that to continue."

Otherwise, STR expects more of the same in 2020 as what was seen in 2019. "People are still traveling, we're growing demand, and that's great," Hite said. "It might be challenging in some markets, but overall for the industry, there are more positives than negatives." ■

## Lufthansa Invests In TripActions Partnership

BY ADAM PERROTTA

After racking up more than \$450 million in venture funding during the past two years, TripActions last month landed what it described as its first-ever "strategic investor," Lufthansa Group, cementing a planned "extensive" business partnership between the travel management provider and the European air giant.

The investment—the terms of which were not disclosed—was made through Lufthansa's Innovation Hub, the travel startup incubator it launched in 2014, and follows recent collaboration between the companies to offer Lufthansa New Distribution Capability inventory through TripActions' platform. (Prior to that deal, TripActions accessed Lufthansa content through global distribution systems—bookings for which the carrier imposed a €16 distribution cost charge.) The cooperation between the companies will deepen under the new equity partnership, which will facilitate joint efforts around ancillary retailing, products and servicing, the firms said. ■



## Wex Inc. M&A Chief Talks \$1.7B eNett, Optal Buy

Wex Inc.'s January agreement to acquire virtual travel payments provider eNett for \$1.7 billion from majority owner Travelport—along with related financial technology specialist Optal—marked the latest major travel payments move for the company, which during the past several years steadily has expanded into new markets and corporate payments verticals. From its roots as a fleet and fuel card specialist founded in 1983 as Wright Express, Portland, Me.-based Wex has grown into a multibillion-dollar global company with an array of corporate spending solutions, with an emphasis on delivering virtual travel payment products via travel management companies. Its latest acquisition already has been approved by Wex's board of directors and is expected to close in mid-2020. Wex chief corporate development officer Nicola Morris this month spoke with BTN's Adam Perrotta about how the eNett deal fits into Wex's overarching travel payments growth strategy.

### WHAT WAS THE RATIONALE BEHIND ACQUIRING ENETT AND OPTAL?

In our M&A strategy, we have three priorities we try to achieve: one is to buy into high-growth businesses; two is diversification from broad macro-economic forces, including fuel prices, which are a big part of [our fuel card business]; and third is around geographic expansion and building out a global presence. Sometimes a deal only accomplishes one or two of those, but we think this transaction meets all three criteria. [Optal and eNett] have a really strong record of growth in a high-growth industry and are a great complementary fit with our existing business.

### IT SEEMS SAFE TO SAY WEX THAT STILL VIEWS VIRTUAL PAYMENT CARDS AS A KEY GROWTH OPPORTUNITY.

Definitely. With all of the capabilities that virtual cards offer around efficiency, security and reconciliation, and because there's still relatively low penetration, I think we see a tremendous amount of growth opportunity still there.

### WHAT ABOUT THE THIRD CRITERION? HOW DOES THE DEAL FIT INTO WEX'S GEOGRAPHIC EXPANSION STRATEGY?

[Optal and eNett] serve a combination of Europe and Asia/Pacific—about 60 percent in Europe and 40 percent in Asia/Pacific. Today, we have a solid but smaller presence in Europe, so this give us additional scale in Europe and a really solid position in Asia. Also [the companies] have little to no presence in the United States, so that really rounds out a nice geographic complement for us.



Wex Inc.'s Nicola Morris talks:

- The key drivers behind Wex's \$1.7 billion eNett/Optal acquisition
- The company's long-term acquisition road map
- The high potential of virtual travel payments

### HOW DID THE ACQUISITION COME ABOUT?

We have a long-term view acquisition road map that we constantly nurture and keep front and center and discuss with our board. It looks at where we are from business perspective and how things are changing so we can be ready if the time is right and an asset becomes available and we would want to deploy capital [to acquire it.]. Optal and eNett have been on that list going back several years, and as is customary in corporate development, we make sure we've got the relationships with the companies themselves or with banks, so that we're always ready when the time is going to be right to pursue a transaction. So those relationships have been there for years.

### OPTAL AND ENETT ARE SOMEWHAT INTERRELATED FROM AN OWNERSHIP PERSPECTIVE, RIGHT?

Yes, Optal was a minority shareholder of eNett, and Travelport was the majority shareholder when Travelport was taken private by Elliot Management and Siris [in May 2019]. Optal had its own separate private ownership. But the deal was structured as a single transaction with Wex acquiring Travelport's eNett share and the whole of Optal.

### HOW WILL ENETT AND OPTAL'S SYSTEMS BE INTEGRATED INTO WEX'S EXISTING INFRASTRUCTURE?

We don't anticipate closing this acquisition until mid-year, so until then, they're each still running their own businesses. Between now and close we'll work on the integration plan and go through our integration playbook to determine the plan specific to this transaction. You can imagine there will be some level of integration that we'll have in place by closing, and then we'll have a whole deeper integration process that takes place starting immediately after close. We're very excited about this particular acquisition and think there are some great complementary processes, so we're looking forward to getting it approved.

### GETTING BACK TO GEOGRAPHIC EXPANSION, ASIDE FROM ASIA/PACIFIC AND EUROPE, ARE THERE ANY OTHER MARKETS YOU'VE IDENTIFIED AS TARGETS FOR GROWTH?

Between our three major operational regions of North America, Europe and Asia/Pacific, we feel really good about opportunities in those areas from a growth perspective. There may be other opportunities to expand that might arise elsewhere, but there's a lot of potential still there in those areas.

### ARE THERE ANY OTHER HIGH-POTENTIAL SERVICE AREAS BEYOND VIRTUAL CARDS YOU'RE CONSIDERING ENTERING?

Our health, fleet, travel and corporate payments businesses all are in industries that are undergoing major transitions, and there's so much modernization going on that there's a major opportunity for us to bring solutions to those markets and expand our offerings there. So, at this juncture, we're not sure we have a need to enter any new industries or verticals, though we'll continue to look at new solutions and applications for our existing products. ■

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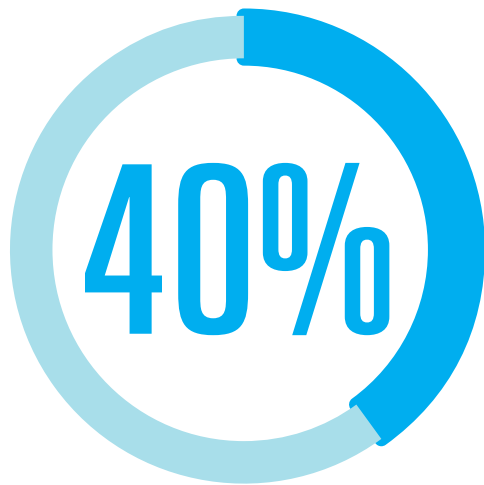
KEEP CLIMBING





# Corporate Travel Buyers Face a Novel, Frightening Challenge

The spread of the novel coronavirus has had a considerable effect on business travel to and from mainland China (see page 7). The Global Business Travel Association recently surveyed its buyer members to assess the ways in which they were responding to the outbreak. GBTA's Jan. 27-31 survey includes 247 member respondents.



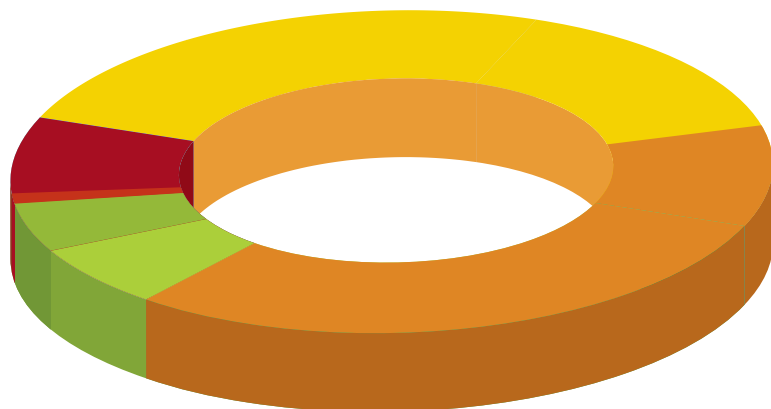
Percent of GBTA respondents concerned about disruption of international travel due to airport closures, airline cancellations and/or delays.

How much concern have your employees expressed about the coronavirus spreading around the globe?



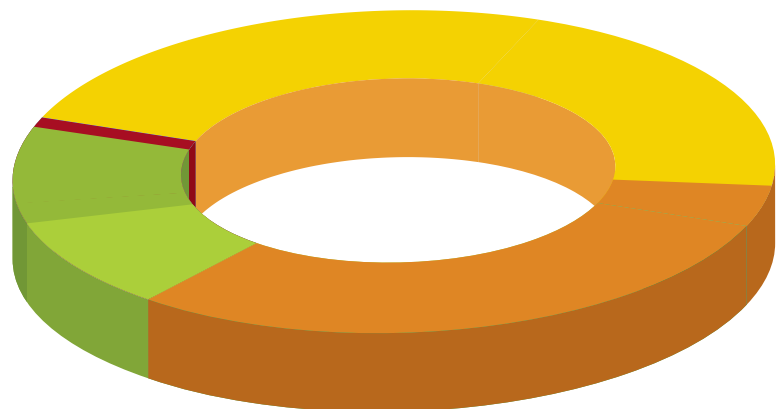
**A lot** 27%    **Not too much** 26%  
**Some** 42%    **None** 6%

How concerned are your company's executive/senior leadership about the coronavirus and its potential impact on business travel and employee safety?



**Very concerned** 40%    **Not very concerned** 5%  
**Somewhat concerned** 40%    **Not at all concerned** 1%  
**Neither concerned nor unconcerned** 7%    **Unsure** 8%

How likely do you think your employees will change their travel plans to avoid flying and business travel due to the coronavirus?



**Very likely** 46%    **Not very likely** 11%  
**Somewhat likely** 34%    **Not at all likely** 1%  
**Neither likely nor unlikely** 9%



CONTINUED FROM FRONT PAGE

## Industry Weighs Coronavirus Response As China Cut Off

many cases longer. Most hotel chains have waived, updated or extended at least through the end of February their cancellation and change policies for the Greater China region.

The respiratory illness that at press time had infected more than 43,000 people in dozens of countries—though the vast majority are in mainland China—and killed more than 1,000 has been declared a global health emergency by the World Health Organization.

With no direct service to China from the United States and many other countries, and with the U.S. government's decision to ban most travelers who have recently visited mainland China, the vast majority of U.S. transient business travel has been scuttled, for now. Meetings and conventions, though, are a different story, as organizers wrestle with the decision of whether to go forward with scheduled events with global attendees and corporations weigh their attendance.

The Professional Convention Management Association called coronavirus' impact on business events "varied," noting that "some business events will continue as scheduled [like] the Feb. 24-27 Mobile World Congress in Barcelona—though maybe with fewer participants. Other business events may have been canceled or postponed."

Companies including Amazon, Ericsson, Intel, LG, Nvidia and Sony have pulled out of the Mobile World Congress, staged by mobile network operators industry group GSM Association.

"Ericsson appreciates that GSMA have done everything they can to control the risk," the multinational telecommunications company said in a statement, as one example. "However, as one of the largest exhibitors, Ericsson has thousands of visitors in its hall each day and even if the risk is low, the company cannot guarantee the health and safety of its employees and visitors."

The company will instead run "Ericsson Unboxed" events to take its demos and content to local markets.

"The health and safety of our employees, customers and other stakeholders are our highest priority. This is not a decision we have taken lightly," said CEO Börje Ekholm.

### Meetings Hit Hard

"Avoiding large gatherings of people is a basic protocol for reducing the spread of disease," said Riskline Eurasia operations manager Emanuele Scansani.

That, itself, puts meetings and incentives at the center of a cancellation bullseye. And not just in China, according to Scansani. "The impact is really big... [including] in markets in close proximity to China," he said. Hong Kong, for example, has heavily restricted border crossings from China but has resisted a full closure. "Economically, [the travel industry] was already suffering heavily due to the protest, now it's going to get worse. Hotels, food and beverage outlets ... they are locking down."

Regional tourism boards in Thailand, as well, are bracing for a steep drop-off in such groups. The Bangkok Post reported that outbound Chinese incentive groups historically have been a mainstay for the hospitality industry in February and the local tourism board awaits confirmation from groups comprising at least 5,500 travelers from China.

The concern has spread worldwide according to Healix International chief medical officer Adrian Hyzler. "We had a call [at the beginning of the outbreak, and] the client asked about a conference they were holding in the U.K. They wanted advice on whether to cancel because they expected [participants from] 180 countries and 56 individuals from China," he said. "I suspected the Chinese participants might not come because they wouldn't be allowed to leave China."

Executive Travel founder and chairman Steve Glenn said "people were

wearing face masks everywhere" at a convention he attended in Frankfurt earlier this month. "Not many people in Europe have been infected yet by the coronavirus but its effect can already be seen in many ways here," he said. "Attendance at the [convention] was down an estimated 25 percent by some exhibitors. I think the world economy will take a pretty big hit for the first half of 2020 from the virus."

### What Comes Next?

While the coronavirus can be transmitted person-to-person and has been spread by people who have visited China or come into contact with those who have, the fact remains that only about 2 percent of cases have been diagnosed outside of China, at press time. As such, the World Travel & Tourism Council, while lauding travel suppliers and governments for working together to help contain the virus' spread, called for a reasoned response and for respect for travelers from China

"We must not stigmatize," WTTC president and CEO Gloria Guevara said in a statement. "The coronavirus will not be solved by singling out individuals or groups from any country, such as China or those in other parts of Asia."

WTTC also "urged a continuing closer partnership between both [public and private] sectors to help curtail travel in affected areas and improve education about the virus' transmission to guard against panic measures. Closer public and private partnerships will also help aid the sector's recovery once the spread of the virus begins to subside."

### Why So Concerned?

AIG Travel global medical director William Spangler put the novel coronavirus numbers in context of the perennial threat of the flu, which is well understood.

"If you compare this outbreak to influenza A and B, every year A and B affects millions of people globally and kills hundreds of thousands," he said. "This is the same type of bug and requires the same precautions: vigilant hand washing and avoiding proximity to individuals who are clearly ill."

For business travelers anywhere concerned about the spread of coronavirus or any infectious disease, Hyzler underscored vigilance. "Wearing a mask may not protect you from a virus, but it will keep your hands away from your face and remind you of the risks. Wash hands, use alcohol-based rubs. No one is going to look at you like a germaphobe anymore." ■

# 50%

**Employees who are very or somewhat concerned about potential health screenings at airports**

# 80%

**Travel buyers who think employees are very or somewhat likely to avoid business travel because of coronavirus**

Source: A GBTA Jan. 27-31 survey of 247 member travel buyers



## 'Discovery Phase' for Buyers on Premium Policies

BY MICHAEL B. BAKER



United Airlines' transcontinental premium class

Airlines in recent years significantly have grown and diversified the share of premium seating capacity in their fleets, in particularly developing of premium economy cabins. In terms of addressing this new availability in travel policies, however, many buyers remain in the early stages.

Delta Air Lines counted less than 10 percent of its total seat count as premium about a decade ago, and any given aircraft at that time had at most one type of premium seating option: either First or Delta One, according to a Delta spokesperson. Today, premium seats account for 28 percent of Delta's total seats, as its options have expanded to include Delta Comfort Plus, Delta One Suites and Delta Premium Select.

In the fourth quarter of 2019, Delta's revenue from premium products was up 9 percent year over year to \$15 billion as the carrier has "continued to improve and invest in the premium experience," Delta president Glen Hauenstein said in an earnings call.

United Airlines expects that 90 percent of its widebody jets will have Polaris seating by the end of the year, including all Boeing 777s and 767-300s. United also has begun selling its Premium Plus seating on select flights between New York and both Los Angeles and San Francisco. United is on track to have about 14,000 combined Polaris and Premium Plus seats by the end of 2020, along with the nearly 59,000 Economy Plus extra legroom seats it already has, according to a spokesperson. Transatlantic routes will be a particular focus in adding business class capacity, with seating expected to be up almost 20 percent year over year over the first half of 2020, chief commercial officer Andrew Nocella said in a recent earnings call.

"We in the past had undersized business class cabins in key business markets like London Heathrow and Switzerland while offering too many economy cabin seats," Nocella said. "We're now rightsizing the size of our premium cabins."

American Airlines has been building up its Premium Economy availability as well. It has 3,025 seats in the class available and will have 3,361 by year-end, a spokesperson said. CFO Derek Kerr in an earnings call said the product "continues to do well" and that average fares are running about 2.3 times the average economy fare.

Alaska Airlines reported that its First Class seating was up 13.6 percent year over year in the fourth quarter, and the carrier has been growing its Premium Class—which offers extra legroom, complimentary alcoholic beverage and priority boarding—as well.

JetBlue, too, plans to expand availability of its premium Mint seating on transcontinental routes this year, president Joanna Geraghty said.

The growth of premium economy is occurring globally as well. Latam, for example, last month announced that it will have Premium Economy seating—which offers a designated overhead space, a blocked-out middle seat and such perks as complimentary drinks—across all of its short- and medium-haul flights as of March 16.

As with other premium products, corporate travelers are a key target for premium economy use. With many companies still under tightened premium class policies that became common following the 2008 economic downturn, it's easy to position premium economy as a cost-effective way to improve the traveler experience, particularly on transcontinental or medium-haul international flights.

Actual booking numbers to date show that move is happening "steadily by slowly," Advito global air practice director Ryan Hohag said. While premium economy ticketing was up among Advito's clients year over year last year, it still accounts for only 2 percent of total air spending and 1 percent of tickets. Hohag said he expects to see those numbers start to pick up later this year into next year.

At this point, the bigger demand is for analysis of the potential impact of policy changes, including the potential benefits on employee morale and traveler productivity should premium economy be added as an option, he said. The feasibility would depend on a company's travel footprint and its ability to customize policies based on routes and geographies in which premium economy is available.

"We do have some customers who have fully embraced premium economy in their travel program, and for those customers, carriers are getting more competitive with premium economy pricing, offering discounts across more fare classes," Hohag said. "Most are still in the discovery phase."

That request for analysis in some cases includes looking at moving business class travel to premium economy travel, though carrier executives have repeatedly said that buying up, not buying down, is the predominant direction for premium economy customers.

"Customers rely on our Premium Economy offering to elevate legacy Economy class travel policies," American Airlines SVP of global sales and distribution Alison Taylor said. "We've ... seen migration from Economy class to Premium Economy by accounts primarily within the IT industry."

A Delta spokesperson said 10 percent of Delta's corporate accounts have Delta Comfort Plus in their booking policy, and 81 percent have any premium product in their policy.

### State of Display

As they diversify premium offerings, carriers are pushing new standards in display, via ATPCO's Next Generation Storefront initiative, which groups similar products in columns. That also could ultimately change the way buyers look at premium-class policies, according to Danny Finkel, VP of booking experience and supplier strategy at TripActions, one of the early adopters of the display.






"With pricing becoming more and more dynamic, there are often times where premium cabin pricing, including premium economy, is not much more, if not even cheaper, than economy, but would be completely lost in most legacy search displays," Finkel said. "Full-content displays allow these deals to be surfaced."

Regardless of policy, however, airlines are adding ways to enable business travelers to get them on their own dime when their policy forbids it. Delta, for example, has built in the ability for travelers to purchase upgrades with a second form of personal payment, so they can get an upgrade and remain in policy. ■

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# OCTOBER 22-23, 2020

“ Innovate 2019 was well put together. I look forward to attending this conference to not only participate in the **Master Classes** and **Think Tank discussions**, but to learn about the **new innovations** that are coming up the pipeline for use in the travel industry.

- Nan Lindstrom, Global Travel Manager,  
HMCC, ZOLL Medical

“ What an amazing conference! I have been involved in the industry for over 14 years and was very impressed with the **Business Travel Innovation Faceoff**, the **Think Tank sessions** and **Master Classes**. I wish I could have attended everything! The networking amongst peers was a great experience.

- Lee Courtney, President and Chief Operating Officer,  
DLC Strategic Solutions



2019 Business Travel Innovator Award and People's Choice winner Devon Tivona of Pana.





## High-Tech, Yet High-Touch

BY AMON COHEN

India is the coming nation in business travel—in more ways than one. The country has registered the fastest-growing corporate travel spend of any major market for each of the past six years, according to the annual Global Business Travel Association BTI Outlook, expanding by double-digit percentages every 12 months. But that’s just the start. Any complacent assumptions that countries outside North America and Western Europe are only ever on the receiving end of the gospel of travel management may soon need revision.

“Increasingly the regional or global travel management role is moving to India,” said Gaurav Sundaram, president of the consultancy ProKonsul, whose CV includes stints as India country director for both Egencia and GBTA. “It’s a kind of knowledge process outsourcing,”

### India At A Glance

**POPULATION:**  
**1.37 BILLION**

**BUSINESS TRAVEL SPEND 2017:**  
**\$37 BILLION\***

**BUSINESS TRAVEL SPEND 2019:**  
**\$46 BILLION\***

**PROJECTED ANNUAL BUSINESS TRAVEL GROWTH RATE:**  
**11.5%\***

\*Source: Global Business Travel Association

he said, a trend helped by English being the lingua franca of India’s educated classes as well as the global business community.

That’s also the view of Jafles Pacheco, who oversees travel from headquarters in Zurich, Switzerland, as global head of indirect material spend for the high-tech industrial group Oerlikon. “There is definitely a growth in global travel managers based in India,” Pacheco said. “We have people taking on responsibility for procurement in Europe even though they are based in India. They still cost less than a European travel manager even if they have to travel more. It will become a threat to European travel managers.”

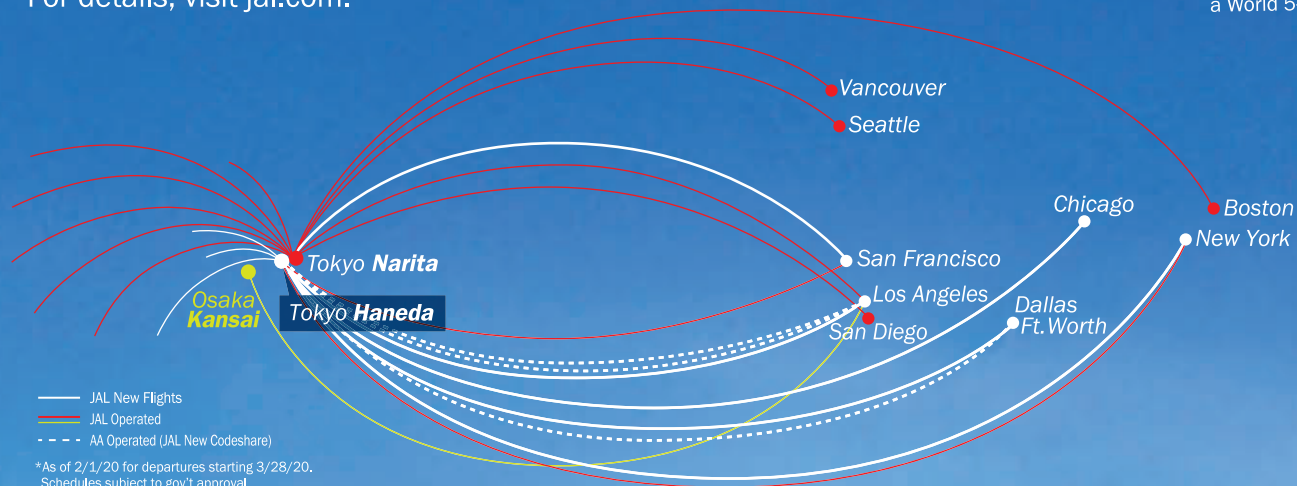
Pacheco also is impressed by the technology developed by Indian travel management companies and other providers, which he believes eventually will be exported to other markets. He has come close to buying Indian tech tools for his own program. “They are very flexible at customizing technology for customer requirements,” he said. “From a cost and quality point of view I was very interested. The only big concern was compliance with the European Union’s

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General Data Protection Regulation. My data privacy lawyer said no.”

Yet despite these pockets of leadership, it would equally be wrong to portray India as a country where travel management is uniformly practiced to a high standard. Sundaram estimated 10 percent to 20 percent of Indian companies have travel programs comparable with those of better-managed businesses in the West. Others, he said, “are still very elementary.”

If there is one word that summarizes this highly complex marketplace, Sundaram said, it is “diversity.” India often is portrayed as a land of contradictions, hardly surprising when it is home to one in six of this planet’s inhabitants, second only to China. Deprivation remains a major challenge, yet the proportion of citizens living in poverty halved from 10 years prior to 28 percent in 2016. At the same time, the middle class has swelled to, by some estimates, 400 million people or even more, bigger than the entire population of the United States, which is third on the global list.

It is this fast-growing demographic that is driving the boom in business travel, both as traveling employees themselves and as the consumers whom multinational companies are piling into India to serve. “India has seen significant industrialization of its economy and become more investor-friendly,” said Sundaram. “The last 10 years were about big companies coming in, but now we are seeing tier-two, -three or even -four companies setting up shop here as the middle classes demand a higher standard of services and products.

“The government is encouraging outward investment too,” he continued. “A lot of companies that were formerly for the domestic market only now have global footprints: businesses like Tata, Infosys and Wipro. They are employing more people and paying better salaries, so they need to win more business outside the country.”

Here is where another of those many contradictions can be found. Western companies are beginning to seek Indian travel managers for multinational roles by, but in their own country, they enjoy limited recognition.

“The biggest challenge is that senior management does not have a significant focus on business travel,” said Sundaram. “They regard it largely as a fulfillment activity rather than a strategic issue. The travel manager is not regarded with a great deal of respect.” Consequently, travel may not be managed strategically even in some of the country’s largest businesses, and instead is handled by secretarial or clerical staff in general administration or facility management departments.

There are, however, signs of evolution. “Day-to-day travel is usually handled by a travel manager at larger companies and an admin manager at smaller companies,” confirmed Ajay Bali, managing director of BCD Travel India. “But the new thing is, procurement guys are taking part in negotiations and deciding which TMC will provide the service. They are very hard bargainers.”

**“It’s a very high-touch market. People want to have their hands held. But they also want the cheapest fare. It’s a paradox.”**

— BCD TRAVEL INDIA’S  
AJAY BALI

Bali summed up perhaps the biggest contradiction of all in Indian business travel: “It’s a very high-touch market. People want to have their hands held. But they also want the cheapest fare. It’s a paradox.”

Pacheco agreed. “Travelers expect their assistant to complete their visa application form, even though mistakes are more likely,” he said. “It’s the same with their mileage programs. They will send an e-mail to the agent to make sure the mileage has been accrued. You have to accept this. It’s part of the way of doing things there, and there are so many agents thirsty to win and maintain the business to keep it that way. I know of travelers contacting the agent on the way to the airport and asking to be checked in.”

Yet another contradiction relates to technology. “The same person behaves differently in a B2B and B2C environment,” said the head of travel for a large Indian tech company, who asked not to be identified. Bali agreed. “Indians use their smartphones for booking leisure travel, but business trips continue to be booked by phone or e-mail, even though employees use apps for information purposes, such as itineraries, flight schedules and messages,” Bali said.

In the past, the ultra-low cost of clerical assistants meant there was little incentive to switch to self-booking, but, said Sundaram, “labor costs are no longer very low in India as it moves towards a knowledge economy.” Instead, he said, resistance to self-booking “stems from a sense of entitlement. Managers consider it beneath their dignity to plan and book their own travel.”

That said, there also is a compelling practical reason for Indian travelers to organize international travel through a human, rather than online. Foreign business trips often are complicated by the fact that Indians qualify for visa-free or visa-on-arrival access to only 59 countries, few of them significant business destinations. Compare that with, say, 188 countries for Germany or 184 for the United States.

Expense management is a similar story to online booking. Sundaram estimated that no more than 5 percent of businesses in India have deployed a self-service expense app, though that figure is growing. The consensus is that change is coming, especially among a younger generation less interested in questions of status and more attracted to the efficiencies of self-service. “When managers are educated about how much easier their life becomes by using tech tools, they adapt very quickly, but you have to articulate the benefit to them,” said Sundaram.

The tech company travel manager agrees. “Over the last two years we have seen a definite change, and implementation of self-booking tools is becoming better,” he said. “In the next three years it will change completely to match B2C.”

Perhaps another reason for the slow adoption of self-booking tools has been the high quality of technology deployed by India’s leading TMCs, as noted by Pacheco. Indian TMCs need

to be flexible, because distribution is fragmented. Most of the country's domestic air service is provided by low-cost carriers, whose content generally has not been accessible through global distribution systems, although that is changing. However, even flag carrier Air India is not available in all three major GDSs.

Booking outside a GDS can trouble Western TMCs, but Indian ones seem more comfortable with sourcing content through application programming interface feeds. "Most travel agents subscribe to some form of mid-office automation where they can toggle between the GDS and low-cost carrier or see them on the same screen," said Sundaram.

Distribution anomalies are just one reason why, according to Sundaram, "even global travel companies have to modify their approach in India." Much the same could be said for travel managers. For example, business travel patterns often are different, according to the tech company travel manager. He pointed to a high incidence of flying on Saturdays and Sundays by the nation's huge phalanx of outsourced IT workers. "They often travel at the weekend because their billing cycle usually starts on a Monday," the travel manager said. Late booking also is endemic, with reservations less than 48 hours ahead of departure common, another apparent contradiction to the philosophy of buying the lowest fare.

Travel managers also need to beware treating a country as vast as India as a homogeneous market, as business in its largest cities not only is a very different proposition than in its more agrarian states but also varies among them. "The way business is conducted in Kolkata is different from Mumbai or Chennai," said Sundaram. "Each has different business and cultural practices and languages, and some are more sophisticated than others."

It is yet another example why the key to success in India is to recognize this increasingly important country's diversity, appreciate both its paradoxes and enormous potential, and avoid treating it as another standardized slice of a cookie-cutter global travel program.

## Travel Policy

"In India, costs take precedence," said the IT company travel manager. "It is completely different from Europe and North America, where a lot more freedom is given to travelers." ProKonsul's Gaurav Sundaram agreed that policies are much more restrictive. "Companies often try to control and micromanage travelers," he said. "The focus of most Indian travel policies is to use the lowest possible prices. A company may use three or four TMCs. It will send a request to all of them and choose the lowest fare quoted."

There is one main exception to the principle of lowest price. "Unlike the U.S. or Europe, policy is hierarchy-based," said Geetha Arekal, head of mobility services supply chain management for Siemens in Mumbai. "Employees in different strata will have access to certain privileges." These distinctions play out in choice of hotel or

**"Companies often try to control and micromanage travelers. The focus of most Indian travel policies is to use the lowest possible prices. A company may use three or four TMCs. It will send a request to all of them and choose the lowest fare quoted."**

— PROKONSUL'S GAURAV SUNDARAM

airline cabin, where an employee is much more likely to fly in business class because they are a senior manager rather than, for example, because of the duration of the flight.

## Payment

About 40 percent of bookings by BCD Travel clients in India are paid through invoice and the rest is on card. This may sound low by Western standards but is exceptionally high for India. Although options like lodge and virtual cards are slowly gaining ground, Sundaram estimates only 20 percent to 25 percent of business conducted by the country's top 20 TMCs is on cards, and for smaller TMCs the figure will be much lower.

"Despite all forms of card payment being available, they are only a small percentage of the market," Sundaram said. "There is an intense lack of trust. Financial controllers believe credit cards lead them to lose control. We need to educate about how cards improve the process. The problem is compounded by TMCs not being willing to walk away from a deal."

Jafles Pacheco of Oerlikon believes this second point is holding back change. "Travel agents will give payment terms of 60 days because they do whatever it takes," he said. "There is not much incentive to move away. My cash management folks are saying 'Why should we move to a credit card?'"

Payment arrangements for on-trip spend also are old-fashioned. Cash advances dominate, bringing attendant challenges of reconciliation, although pre-loaded cards also are common.

## Supplier Relations

The philosophy of buying the cheapest on the day means preferred supplier agreements are less common than in North America or Europe. "Vendor maturity is minimal," said Siemens' Arekal. "The market works more on relationships."

For Sundaram, "the single biggest problem is there is no data. A lot of TMCs don't provide quality management information, and it's not given priority by travel managers even if they do. Reporting is often a fortnightly extension to the billing process, even in very large companies."

Booming demand from not only business but also leisure travelers, both domestic and from abroad, is making supplier relations difficult for travel managers at present. According to the BCD Travel 2020 Industry Forecast, demand for accommodation in 2019 surged 7 percent to 9 percent year over year, meaning that "hotels in the biggest business markets—Mumbai, Delhi and Bangalore—are almost always full. It's a situation that's also becoming apparent in the next tier of cities, including Ahmedabad, Indore and Chennai," the report said.

As a result, 2019 hotel rates soared 10 percent year over year in metro cities in 2019 and 5 percent to 6 percent elsewhere. In spite of frantic hotel building, BCD forecasts steep rate rises again in 2020. ■



# Delta Taps NuTravel To Lift Managed Travel Capabilities In Direct Channel

ARC last month announced it had taken a majority stake in NuTravel as part of an omnichannel strategy to better facilitate corporate travel buying through direct airline channels. Delta Air Lines not only backs ARC's vision but also confirmed it is the "global carrier" NuTravel's CEO said is deploying its technology to extend managed travel capabilities like policy management and traveler recognition in direct channels.

Delta's work with NuTravel, underway for more than a year, is "one piece of a much larger, much broader customer-focused strategy," Delta managing director of distribution strategy Jeff Lobl said in an interview, pointing to "retail transformation across all of our channels."

"We were encouraged to see the investment that ARC made in NuTravel and several other entities," which include Traxo and Blocksye, said Delta managing director of sales innovation Sara Reid. "ARC's omnichannel vision aligns really well with Delta's vision."

That vision is coming into focus. Delta plans to release this year several features designed to deliver more personalized experiences to business travelers and their employers via its website and mobile app.

In January, Delta announced it "reached another milestone along our journey. Access to Delta's business experience was extended to existing business travelers currently shopping on Delta.com that have a SkyBonus ID saved in their SkyMiles profile. Travelers will have the ability to toggle between personal or business profiles when booking on Delta.com. Once they select the 'Business' travel option, they will experience a personalized booking path where their SkyBonus ID is automatically incorporated at check out."

Through this, the site will "really personalize the experience, call out their company name and allow us to give content that's really relevant to the business travelers," said Reid.

Soon other travel management features will go into pilot before going live, said Reid.

"Customers have told us they want easy registration for their business travelers in this program," she said. "They want visibility or enhanced reporting.



**"There's a segment of the market that is just not satisfied with their OBT experience. ... This is our effort to meet the needs of that segment."**

**— DELTA MANAGING DIRECTOR OF DISTRIBUTION STRATEGY JEFF LOBL**

**The Beat**

They want to make sure that these bookings are captured in the duty-of-care and expense system. And then, they would really like to be able to see travel policy directly on Delta.com and the Fly Delta app."

Delta is in the process of deploying such elements of NuTravel's Universal Connect product. "We worked alongside them to develop this," said Reid.

For program managers and administrators, an "administrative site" would "link off of Delta.com," said Reid. From here, managers would register travelers associated with their account and send out a link to get them booking. "We're willing to work really closely with any company that wants to connect directly to their back-end ERP system," she added.

Later releases would include policy preferences, which could vary by traveler group. Delta also plans to allow travel administrators, or travel agents if the company designates access, visibility into current, past and upcoming business trips on Delta.

Meanwhile, on a related note, Delta in December turned on its Concur TripLink integration, which enables supplier-direct data capture.

## What About TMCs And OBTs?

Reid insisted Delta hasn't forgotten about travel management companies. "The TMCs play a vital role in the business travel ecosystem," she said. "We do see a world, a future state, where business travelers could book in any channel and the TMCs would be able to service them. What we've done with NuTravel is a step in that direction."

Delta plans to enable TMC access to service direct bookings and, down the road, extend servicing through current agency workflows and via application programming interfaces. "We built this in a way that the travel manager could delegate access to the travel agent, so we've been really mindful of how we bring the TMC community along with this solution," Reid said.

Lobl drove home the notion of enabling choice for corporate customers. Some prefer to use a TMC and online booking tool. Others may opt for the airline website, at least in some instances.

"That's not to say that we are giving up on the OBTs," said Lobl.

Still, he added: "There's a segment of the market that is just not satisfied with their OBT experience." Such customers seek "a better shopping experience, but don't want to give up the value that their TMCs provide from a servicing perspective. This is our effort to meet the needs of that segment. The travel managers are not losing control, the travelers themselves are having a much better shopping experience, and the TMCs are still able to provide the value that they have always provided." ■

## SW, Sabre End Enhanced Distribution Talks

BY MICHAEL B. BAKER

Southwest Airlines has ended negotiations with Sabre for enhanced global distribution system participation, Southwest Business VP Dave Harvey told BTN.

In August, Southwest announced it reached

agreements with both Travelport and Amadeus to provide content and full booking capabilities in their global distribution systems. Following discussions with Sabre, Southwest has decided to keep its relationship with Sa-

bre unchanged, Harvey said.

"We do not see a path forward with Sabre, so we're no longer in negotiations for that," he said. "For customers that are on Sabre today booking Southwest at the current basic [level] of booking relationship, that will continue."

The timeline for working with Travelport and Amadeus, meanwhile, has not changed, with content expected to be ready for bookings by the middle of this year, Harvey said. Right now, they are "slightly ahead of schedule," he said, although they still need to conduct more testing before they will be ready to give precise launch dates. ■



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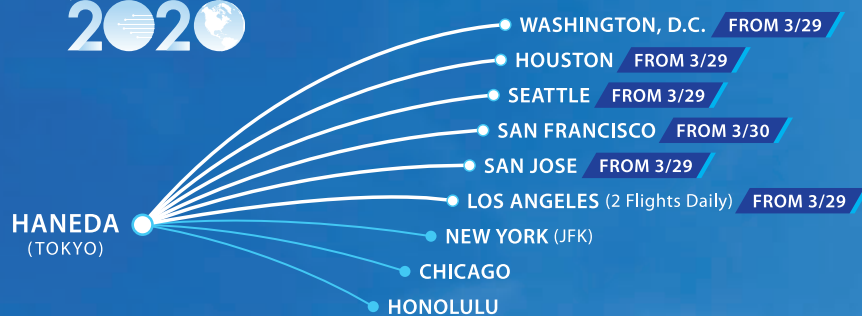
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## IHG Launches Spending Data Dashboard for Corporate Clients

InterContinental Hotels Group has introduced a dashboard for corporate enterprise clients that offers monthly and yearly spending data breakdowns by brand, city, state and region, as well as booking channel, allowing users to see whether travelers are booking through global distribution systems, central reservations offices, directly through IHG hotels, its website or app or other methods.

Called the Customer Insights Portal, the tool was introduced in November to a select group of clients, according to IHG. "I view it as a real positive step for any large brand to step up to the plate and put a dashboard together," one corporate travel manager who had access to the pilot told BTN, requesting anonymity. "I think this is quite helpful. It gives top cities, so I know where our spend is. There's also average daily rate, room nights, stays and the nights per stay. It's a pivot and will set the bar for other hotels to engage and do the same thing."

IHG created the dashboard based on enterprise customer feedback and findings from other corporate tools it has introduced, such as its Business Edge product for small and midsize companies.

"The tool gives travel managers actionable data about their company spend with IHG," VP of American sales Betty Wilson told BTN. For example, "when [travel managers meet] with sales managers, we want to turn that into more productive time. [Buyers] said it would help if they could look at data points ahead of time so they could come to business review meetings with thoughts and ideas on how to drive actions rather than spending 10 or sometimes 30 minutes looking at charts and data. They wanted to do that in advance."

Additional data offered in the dashboard include a loyalty program breakdown, green stays, customer



**"This is brand-new, and before we enhance a lot more, we want to consider all the feedback from users who have been on it."**

**—IHG VP OF AMERICAN SALES  
BETTY WILSON**

satisfaction scores for a client's travelers and internally produced content. The loyalty section includes percentage of stays by members, new members, spend, status breakdown, room nights and more.

Satisfaction scores are based on surveys travelers complete after their stays. "How a travel manager might use that is if they are trying to drive share movement into a brand," Wilson said. "A travel manager might see a score increasing for a hotel that they want to move more market share into and may internally highlight that for travelers, saying, 'This is a hotel on the move based on what other travelers from [our] company are saying about it.'"

For now, the dashboard includes 2018 and 2019 data, and will add 2020 information as it becomes available. Some pilot users have asked for prior years or the ability to see reports by week, which Wilson said IHG will consider, along with other suggestions users have. "This is brand-new, and before we enhance a lot more, we want to consider all the feedback from users who have been on it," Wilson said. "We might think something is important, but if the customer doesn't, we've focused on the wrong thing. We want to listen to customer feedback and focus on what they care about."

The travel manager with access to the dashboard would use the Customer Insights Portal to work more on loyalty as well as "on closing some of those gaps that we see so clearly from this reporting instead of having to wait and ask for it and make it into a project." The ADR feature is appreciated, "as that is something we are always looking at and concerned about."

The travel manager also said that a connection to IHG's request-for-proposals tools would be nice. "Those are separate from what you'll find in the portal," Wilson said, adding that IHG sees RFPs as "a big innovation opportunity for the industry and not just IHG, and we want to lead the charge on that." She offered no further details on possible changes for RFP products.

The portal is available to any corporate travel customer who has a managed relationship with IHG from a global sales perspective. "They will get a notification with their credentials," Wilson said. "If they don't see it, they can call on their global sales rep or me to help them." ■

## Hyatt Plans 200-Hotel Americas Growth

BY DONNA M. AIROLDI

Hyatt Hotels Corp. announced plans to expand its Americas footprint by about one-third, with 50 hotels slated to open in 2020 and more than 140 by 2022, adding to its current total of 585 properties operating in the region. The company credited business demand in several markets, including California, New York, Texas, Canada and Mexico.

The new properties will be spread across 13 of the company's brands, with 65 contracts signed for Hyatt Place in the U.S., 14

in Canada and one in Costa Rica, and 40 new Hyatt House hotels in the U.S. and six in Canada. Hyatt Centric, the company's fastest-growing lifestyle brand, will add 16 hotels, including one opened Jan. 22 in Old Town Alexandria, Va.

Thompson Hotels, added to Hyatt's portfolio via the 2018 acquisition of Two Roads Hospitality, has been growing exponentially, especially among transient corporate travelers, said a company spokesperson. Eight new Thompson properties will debut by

2022, following the Jan. 8 opening of a Washington, D.C., property.

### New Brands Abound

Meanwhile, a few hotel companies in recent weeks announced the launch of new hotel brands. Hilton, for example, has introduced Tempo by Hilton, a lifestyle brand that will cater to what the company has identified as "modern achievers." Hilton expects to see a business/leisure mix of around 60 percent to 40 percent, Hilton global head of new brand development Phil Cordell said in an email.

Choice Hotels introduced a new brand in the mid-scale extended-stay segment. Named Everhome Suites, Choice plans new-build locations in suburbs outside of the top 50 metropolitan areas in the U.S. and Canada.

"This is the first brand to be launched in the heart of midscale extended stay in over a decade," said Choice chief development officer David Pepper. ■



## N.Y. State To Fight DHS Global Entry Ban

New York State's attorney general plans to sue the U.S. Department of Homeland Security for banning state residents from joining and renewing membership in most trusted-traveler programs in response to the state's "green light" law concerning issuance of driver's licenses.

"This is political retribution, plain and simple," New York attorney general Letitia James said this month.

The ban by year-end could remove hundreds of thousands of New Yorkers from the Global Entry program, which gives access to expedited security, immigration and customs lines, said Ken Cuccinelli, a senior official performing the duties of the director of U.S. Citizenship and Immigration Services. About 50,000 New Yorkers who were conditionally approved for the program along with about 30,000 who have applied and were pending the initial vetting will "immediately lose the application," he said.

Also, up to 200,000 New Yorkers have Global Entry memberships set to expire by the end of 2020, and they will be unable to renew, he said.

Besides Global Entry, the ban also affects applications to Nexus, the pre-screening program for entry to Canada; the Senti program, which covers entry from both Canada and Mexico; and the Fast program for commercial trucks. Current memberships for all programs will remain valid but won't be available for renewal to New York residents, Cuccinelli said.

The DHS rationale for the ban centers around a New York state law that took effect at the end of last year permitting all New Yorkers age 16 or older to apply for non-commercial driver's licenses regardless of citizenship status and without a Social Security number. The law blocks immigration



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and border officials from accessing the New York Department of Motor Vehicles' database, and Cuccinelli said DHS relies on that data to verify identities in trusted-traveler programs.

"This law ... has made our law enforcement officers less safe, made New York less safe and made it difficult for federal officials to determine whether they are dealing with dangerous criminals," Cuccinelli said.

The move drew condemnation from the U.S. Travel Association, which said it was in contact with the DHS to express its displeasure.

"Travel should not be politicized," U.S. Travel Association EVP for public affairs and policy **Tori Emerson Barnes** said in a statement. "Trusted-traveler programs enhance our national security because they provide greater certainty regarding a person's identity, citizenship and criminal background."

Global Business Travel Association CEO and executive director **Scott Solombrino**, however, issued a statement supporting the DHS' position. "Without the assurances of reliable background checks and passenger data," he said, "the trusted-traveler programs will no longer be trusted and become compromised." ■



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# Curbside Chaos

Unfortunately, Snapchat's job candidates and recruits are stuck with LAX. "They have to come into LAX because they're usually only here for 24 hours, if even that," Parham said. "To stick them at a different airport and put them through traffic is an even worse experience." Parham and his team communicate to candidates about the expected friction.

## Clogged with Congestion

The pickup experience at several U.S. airports has worsened due in part to the congestion caused by ride-hailing companies like Uber, Lyft and taxis vying to pick up and drop off travelers, Parham said. "A lot of these airports didn't do a good job of regulating the rideshares when they came on site. We are now dealing with the fallout because they are clogging the roadways, and [coming] up with solutions now becomes really painful because everyone is used to using Uber and Lyft," he said.

"This is the biggest topic we hear at airport conferences and shows: curb management and curb congestion," said Steven Junkins, a vertical sales manager for SpotHero for Business, a parking reservation platform which works with airport parking facilities. "How do you alleviate the curb congestion at your airport?"

To deal with increased congestion, La Guardia and airports in San Francisco and Seattle, among others, have provided designated pickup for ride-hailing services. "We're starting to see a lot of airports position transportation network company pickups areas at the top floor of the parking garage," said Junkins.

At some airports, the pickup spot is near baggage claim. "Our pickup spots are relatively close to our baggage claim areas, so it's not a long trek to get to a ride-hailing pickup point," said San Jose International Airport operations manager Robert Swensen. "Some are pushing it out to outer locations because of the activity that comes with it. Some airports like LAX and Atlanta that have 80 million to 100 million passengers, as opposed to our 15 million, may be seeing an impact on the curb that they feel they have to do something to eliminate some of that congestion."

Ride-hailing companies have worked to strengthen partnerships with airports to maintain convenient and quick services. "About a year and a half ago, we invested in a team that works much more closely with airports, more at an individual level, almost in a consultative way," said Uber head of airport operations Anita Natarajan.

To reduce wait times and improve convenience for travelers, ride-hailing companies have worked with airports to expand the menu of pickup options for travelers at designated spots. In May 2019, Uber piloted at Portland International Airport a program that gives riders a one-time six-digit code to access the first available driver at a pickup zone at no extra cost, then rolled it out to select airports. Dubbed PIN, the feature has cut wait time



by 30 percent on average, according to Uber airports business development lead Rob Mitchell. Lyft rolled out its own version at the same time at Portland.

In the wake of LAX's new pickup policy, Uber and Lyft offered their upgraded services, which are allowed for curbside pickup. Uber, for example, offers Uber Black and Black SU. However, these services are "a bit more costly," so Snapchat restricts them to higher-level employees, Parham said.

Airports, however, can restrict the options ride-hailing companies can provide to travelers. At Fort Lauderdale-Hollywood International Airport, where it takes eight to 10 minutes to get to a "faraway" designated pickup area "during a good hour," Uber is not allowed to enable its Rematch feature, which lets drivers make a pickup at the airport immediately after a drop-off without going to the designated pickup area, said Mitchell. Uber is "encouraging" Fort Lauderdale-Hollywood to "enable" the feature, he said.

Some airports have responded to the increased curbside congestion by raising the fees it charges TNCs. On Feb. 1, Phoenix Sky Harbor International Airport was set to increase its TNC fees for pickups and drop-offs at its curbs.

## Airports Experiment with Pricing, Tech

The growth of transportation network companies not only has increased congestion but also has spurred many airports to try creative ways to revamp the parking experience. "Parking revenue as whole has become less of a percentage of non-aeronautical revenue for airports," said SpotHero's Junkins. "Parking revenue has continued to grow as a reflection of passenger travel. However, a lot of that revenue has been replaced or supplemented by TNC fees and so on, so they are trying to figure out ways to fill the empty spaces they are seeing as a result of different transportation options being adopted."

The largest U.S. airports have brought their parking inventory online and offer discounts to encourage online reservations. "Often that will include a discount compared to driving to the airport itself and paying at the gate," said Junkins.

To deal with LAX's congestion, Parham partnered with The Parking Spot, an off-airport parking company, to offer travelers discounted parking so as to avoid taking rideshares or taxis. He's not sure if travelers are taking advantage of it.

Some airports have implemented dynamic parking space pricing based on demand and occupancy levels. Airports adjust rates on their websites based on length of reservation to encourage longer parking periods.

Others have launched upgraded parking systems. San Jose International Airport, for example, plans to implement parking access revenue control systems, said Swensen. With it, "we can offer dynamic pricing. We can offer special deals. It gives us more dynamic flexibility," he said. "With license plate recognition, you can enter garages without having a gate, because it recognizes your license plate. It starts the clock when you enter, times you out when you are leaving, and then you just pay accordingly." ■

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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	\$103.21	\$364.71	2.36%
Atlanta, GA	55	\$198.26	\$46.96	\$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%
Biloxi, MS	54	\$126.20	\$55.23	\$87.73	\$269.16	14.56%
Birmingham, AL	56	\$154.79	\$40.75	\$95.78	\$291.32	-1.99%
Boston, MA	31	\$225.70	\$47.12	\$113.62	\$386.43	-18.89%
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