

# BTN

BUSINESS TRAVEL NEWS



## LODGING

The American Hotel & Lodging Association releases new industry-wide health and safety protocols to help prevent the spread of Covid-19.

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## DISTRIBUTION

Southwest Business VP Dave Harvey details the new availability of Southwest Airlines content in the Apollo and Worldspan GDSs.

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## VOICES

Travel managers should start to prepare now for the return of their business travel programs, says Festive Road's Caroline Strachan.

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## TOP STORY



BY DONNA M. AIROLDI

## COVID-19 UPDATE

# GBTA's Hotel Rate Freeze Advice Ignites Controversy

The Global Business Travel Association is endorsing a postponement of the 2020 hotel request-for-proposals process until 2021 because of the coronavirus pandemic, and "encourages hotels to roll all 2020 rates for 2021," the association announced last week. The response in the business travel industry has been mixed, not just regarding GBTA's position to roll rates over, but also that it offered a position at all.

GBTA normally does not get involved in the hotel RFP process other than providing a template of suggested questions buyers can ask suppliers, but "we made

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## China's Domestic Business Travel Slowly Waking Up

BY DAWIT HABTEMARIAM

Business travel slowly is recovering in China under tight government control and mostly at a domestic level. The country's strategy, which will attempt to restart what previously was the biggest business travel market in the world, could offer a glimpse of how business travel will recover in the future, despite clear differences in how the travel market—particularly airlines—operates.

Importing infection from abroad remains a major concern. To that end, the Chinese government heavily is restricting travel in and out of China. International flights directly into China's capital city of Beijing currently are not allowed, according to International SOS Americas regional security director Matt Bradley. The country's Civil Aviation Administration currently allows each airline under its jurisdiction to maintain a single route to any specific country with no more than one flight per week.

"Every day there is a limit to 4,000 passengers coming into China. This is a 97 percent drop compared to pre-Covid levels," said BCD Travel Greater China managing director Jonathan Kao. In addition, visa restrictions have been put in place by China or other countries, making foreign entry very difficult, he said.

When a city abroad experiences a flare-up in cases, the government temporarily suspends the route there, said WorldAware founder Bruce McIndoe. At major airports, a traveler may go through three temperature checking stations and a visual inspection before he or she boards, McIndoe said. Social distancing and masks also are required.

Travelers arriving from abroad are mandated to be quarantined for 14 days, according to Kao. "They'll take you to a hotel or a facility where there is a medical staff, and everyone

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### Older Travelers Seek More Stringent Protocols

Which of these would you want to see as common business practices?

Millennial/Gen Z Gen X Boomer



Source: Destination Analysts April 24-26 survey of 1,208 U.S. travelers

NAVIGATING THE WAY



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David Seelinger  
Chairman & CEO

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# Airlines Prepare for Leaner Operations in Covid-19 Recovery

BY MICHAEL B. BAKER

The U.S. airline industry's recovery will be one of slow growth and extreme caution, according to the snapshot provided by airline executives in recent earnings calls.

For now, the airlines are in survival mode, operating minimal service with near-zero demand and, as such, are hemorrhaging money. American Airlines, for example, said it was burning through about \$70 million per day, which it hopes to cull to \$50 million per day in June. For United Airlines, that number stands at about \$50 million per day, and Southwest Airlines is losing about \$30 million to \$35 million per day in May. All U.S. airlines reported losses for the quarter—which actually started out strong for the industry before the Covid-19 cancellations began to hit—and those inevitably will deepen in the second quarter.

The U.S. government's Coronavirus Aid, Relief and Economic Security Act will be a lifeline to carriers over the next few months, providing billions of dollars to help them maintain payrolls through the end of September. That money comes with both near- and long-term stipulations, including requiring airlines to maintain minimal connectivity and not involuntarily furlough anyone through the end of September as well as longer-lasting rules regarding stock buybacks and executive compensation.

Along with the money airlines have been able to secure independently, the major U.S. carriers said they are in a position to maintain liquidity throughout those months.

Beyond September, the outlook is fuzzier. Forecasts call for some level of recovery by then, though airline executives agreed it would be slow. For corporate travel, FairFly VP of marketing Chris Ulph said it likely would rebound in three phases, with business-critical travel—C-suite executives meeting with investors or fulfilling legal obligations, for example—back first. Next up would be sales and other travel directly connected to revenue, and Ulph said he didn't expect the interim period of such functions operating on virtual platforms would lessen long-term demand.

"At the start, some might be reticent, but [businesses] will be seeking to gain a competitive advantage," Ulph said. "Those that have braved the return will gain that advantage."

That timeline is harder to predict. Delta CEO Ed Bastian said he expected it would take three years before the industry sees a "sustainable recovery," and some analysts have said five years is more likely.

"These are truly unprecedented times, and the path to recovery is uncertain and will likely be choppy," Bastian said. "While we all wish we could predict the pace of the recovery, the truth is our recovery will be dictated by our customers feeling safe both physically



**"These are truly unprecedented times, and the path to recovery is uncertain and will likely be choppy."**

—DELTA CEO ED BASTIAN

and financially to begin to travel at scale."

As such, all major U.S. carriers said they would resize as smaller airlines at least for the initial stages of recovery. American, for example, is retiring entire fleets of five aircraft types and some regional aircraft, which chairman and CEO Doug Parker said will cut American's 2021 fleet count by about 100 aircraft compared with previous plans. Retirements include nine Airbus A330-300 aircraft, 34 Boeing 757-200 aircraft, 17 Boeing 767-300ER aircraft, 20 Embraer E190 aircraft and 19 Bombardier CRJ200 aircraft.

United president Scott Kirby, who succeeds CEO Oscar Munoz this month, said the carrier has a plan in place for the direst of scenarios, in which there is no demand growth throughout the rest of this year. That plan will reduce United's cash burn to \$20 million per day if there is no demand recovery beyond Sept. 30, and those cuts will have to come largely from United's payroll, he said.

"All non-employee expenses have been cut beyond to the bone," Kirby said. "It will be agony to make those decisions and incredibly painful for our people, but we have to make sure we have a strong future here at United."

Southwest Airlines chairman and CEO Gary Kelly also said the carrier has a working plan to "radically restructure," though he did not think it would be necessary.

It's hard to predict what these temporarily leaner airlines will mean in terms of fares for corporate buyers. On one hand, airlines will be trying to win back demand, so it could be possible to see "dramatically low" average prices, Advito VP and global air practice leader Olivier Benoit said. At the same time, airlines said they will be cautious in matching capacity to demand, so they might try to avoid price wars, he said.

"It's smaller world, so different airlines may adopt different strategies to resume flights," Benoit said.

Airlines also will be figuring out new safety protocols, both to meet any new regulations and to assuage travelers fearful of returning to the skies. All major U.S. airlines already have announced mask requirements for passengers, but other current measures—blocking out middle seats to ensure social distancing, for example—might not be sustainable. "Airlines couldn't be profitable at a 67 percent load factor without raising fares to equally unsustainable levels," Cowen analyst Helane Becker said in a research note.

Some buyers in BTN's ongoing Covid-19 discussion groups said they would be less price-focused on air travel as they started traveling again and would look more to carriers that could provide safety assurances and direct service to minimize airport time and flexibility, as travel plans will need to be fluid with potential flare-ups and quarantine requirements likely to come and go over the next year or longer.

Bastian said he thinks "that the customer of tomorrow will place a higher premium on the quality of service than ever before."

As companies will be facing their own financial difficulties coming out of the crisis, Kelly said companies that do focus on savings could lead Southwest eventually to pick up marketshare in the long term, using past recessions as a model. "The recovery [in past downturns] of business travel overall was many years, so Southwest benefited in those recovery scenarios," he said. "Because of our low cost and low fares, we gained share." ■



## Covid-19: Where Will We Be a Year from Now?

The entire world is reeling from the Covid-19 pandemic. Most people have settled into a “new normal” and wonder what life will be like after the “quarantine fog.” Healix International/HX Global chief medical officer Dr. Adrian Hyzler answered some questions the company has received from clients and partners. Plus, BTN Europe chief editor Andy Hoskins quizzed him about topics closer to business travel.

### WHAT DO YOU THINK THE WORLD WILL LOOK LIKE IN A YEAR WITH RESPECT TO COVID-19?

A year from now the world will have reopened in varying degrees. Restaurants and theaters will be open again but likely with diminished capacity. Sports may be played with smaller audiences, and we may see people having their temperature taken as they enter arenas. Public places will need to be very stringent in their commitment to disinfecting frequently and thoroughly. Offices may have a rotating schedule of remote work to reduce the number of people in enclosed spaces. There may be “point of contact” rapid diagnostic testing prior to entry to healthcare facilities, [and] some companies may also choose to adopt this approach. This depends on accurate, affordable and simple-to-use test kits being mass produced. Companies may limit the number of people in meetings or depend more on virtual meeting tools. In turn, we may see less traffic, fewer motor vehicle accidents and less pollution.

It is likely we will still be living with many remnants of the Covid pandemic of 2020. Companies will re-evaluate their business continuity plans as a result of lessons learned. Duty of care will become more important than ever before as organizations will need to provide their employees with critical resources to stay well both physically and mentally in the workplace and also where travel is concerned.

### WILL CERTAIN GROUPS FARE BETTER THAN OTHERS?

There will be many people who remain distanced from society, because they are vulnerable or traumatized by the pandemic experience. [In terms of regions], some Southeast Asian countries that tackled the situation early and drew from previous experience of outbreaks in the region will pull forward much more quickly. For the resource-poor countries in Africa and Latin America where the pandemic arrived later, there is likely to be a more prolonged course. Their economic and health systems will be supported by the World Health Organization and countries that have passed the peak and have an excess of hospital equipment, medical professionals and personal protective equipment supplies that can be distributed to the most affected countries.

### HOW WILL AIRLINES AND HOTELS HANDLE SOCIAL DISTANCE MEASURES? WILL THEY BE IN PLACE A YEAR?

While the world will re-open gradually in the months to come, social distancing will play a continued role



Dr. Adrian Hyzler talks ...:

- The future of Covid-19 prevention
- How hotels and airlines will handle the aftermath
- The effect of treatment and vaccine development

**“The ultimate solution will be to return to full occupancy by performing point-of-care testing at the airport prior to departure.”**

to some degree. ... The travel industry has the toughest job in getting their businesses back up and running. Airlines may start off by only allowing one passenger at a time to get up in-flight, cutting out the in-flight meal, leaving middle seats empty and running half-filled planes, but will there be the appetite for travel if there is a mandatory 14-day quarantine at either end or even both ends? And how long can the airline industry afford to run half-filled planes?

I think the ultimate solution will be to return to full occupancy by performing point-of-care testing at the airport prior to departure. Eventually, there will be a rapid diagnostic test for the antigen that is affordable, quick, simple to use and accurate. There is research going on into a new swab that will allow the sample to be taken from just inside the nostril so that anyone can do it. That way confidence in a safe journey can be established by excluding anyone who tests positive for the SARS-CoV-2 virus, even if asymptomatic. All crew will be tested before every flight.

The hotel industry will have less difficulty with maintaining social distancing but will need to make changes in their check-in process, their dining facilities and the room-cleaning service. [Rapid diagnostic testing] may be brought in for all staff, [but] it would not be feasible to test guests every time they returned from an outing. I envisage this going on for at least a year, as I do not expect that any potential vaccine program will be up and running by then, and certainly not with the penetration required.

### HOW WILL COMPANIES DEAL WITH EMPLOYEE RESISTANCE TO BUSINESS TRAVEL?

A lot of business travelers will be anxious about getting back on planes for business trips. Measures [like rapid diagnostic testing] may help to restore confidence, but there will still be people unwilling to travel until a safe and efficacious vaccine is available. Businesses will need to listen to the concerns of employees and tailor business requirements accordingly. There will be a greater drive, I suspect, toward teleconferencing meetings until travel gets back to “normal.”

### WHAT ARE THE CHANCES OF EFFECTIVE TREATMENTS OR MAYBE EVEN A VACCINE BEING READY IN A YEAR?

Despite the global collaboration between scientists, institutions and governments, we may well still be searching for an effective vaccine in a year. Many vaccine candidates will have fallen by the wayside, and even if vaccines reach the final lap in the race for validation, there will be problems with the efficacy of the vaccines and subsequent difficulties in scaling up to the quantities that are needed across the world. In all likelihood, there will be several vaccine candidates that are eventually licensed around the world, and they will take their place alongside the annual seasonal influenza immunization.

Treatment, though perhaps able to reduce the severity of the disease if taken early in the course of the illness, is unlikely to completely eradicate Covid-19. More potent drugs to treat severe disease may reduce the case fatality rate, but just as seasonal influenza still results in between 400,000 and 600,000 deaths each year, despite treatment and a customized vaccine, it is unlikely that Covid-19, with its multi-organ involvement, will be cured or eradicated. ■



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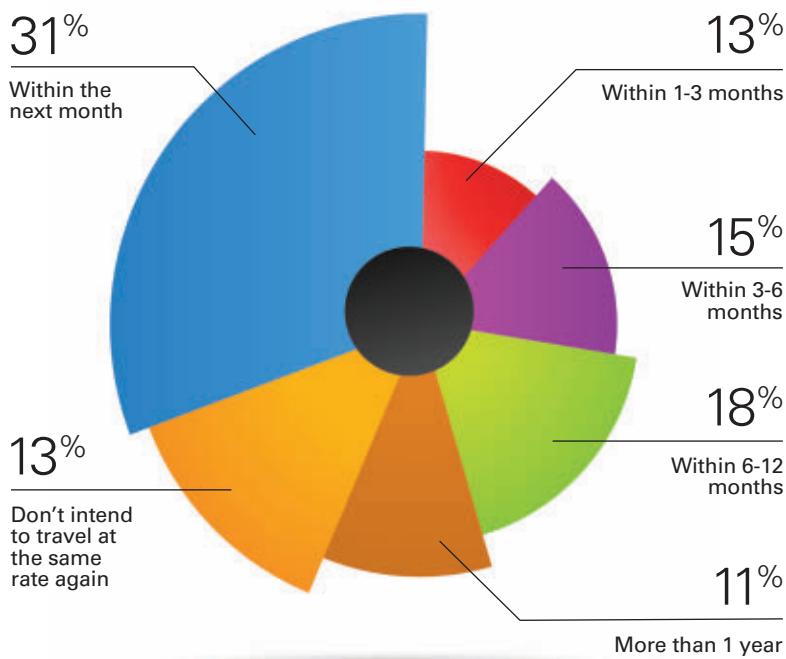


# Planning for Post-Pandemic Travel

The coronavirus pandemic continues to ravage business travel, with recent U.S. enplanements and hotel stays at record lows. While there's no indication a return to normalcy is anywhere near, most business travelers and meeting planners expect at least semblance of new demand in 2020. Meanwhile, the safety steps travelers want suppliers to take in some cases vary notably by age.

## MOST TRAVELERS EXPECT TO PLAN BUSINESS TRAVEL WITHIN 6 MONTHS

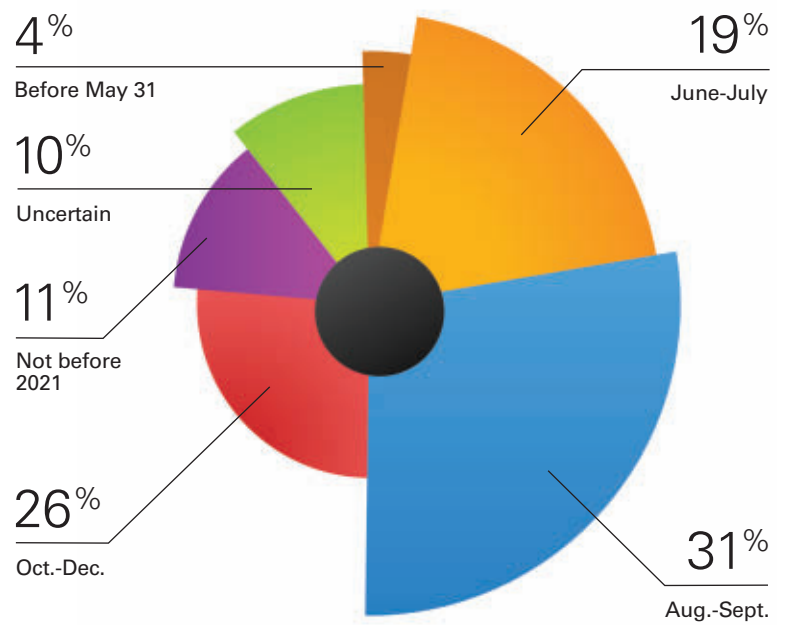
When do you think you will start planning business travel at pre-outbreak levels?



Source: Magid April 7-10 survey of 1,000 U.S. travelers; results weighted by age, gender, ethnicity and region

## MOST PLANNERS ANTICIPATE 2020 MEETINGS

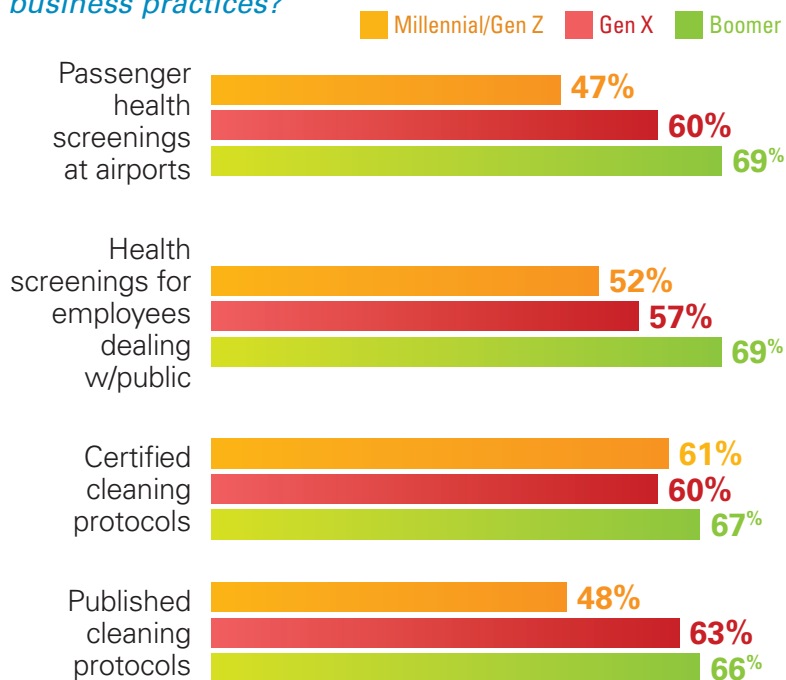
When do you expect to resume operating face-to-face events?



Source: I-Meet April 13-20 survey of more than 900 meeting planners worldwide

## OLDER TRAVELERS SEEK MORE STRINGENT PROTOCOLS

Which of these would you want to see as common business practices?



Source: Destination Analysts April 24-26 survey of 1,208 U.S. travelers

## U.S. HOTEL DEMAND AT NEW LOW

Year-over-year change, week ending April 18

		YOY CHANGE
Occupancy	23.4%	-64.4%
Average daily rate	\$74.53	-42.2%
Revenue per available room	\$17.43	-79.4%

Source: STR

## U.S. AIR TRAVEL STILL SCARCE

Total travelers passing through TSA checkpoints

	2020	2019*
April 26	128,875	2,506,809
April 25	114,459	1,990,464
April 24	123,464	2,521,897
April 23	111,627	2,526,961
April 22	98,968	2,254,209
April 21	92,859	2,227,475
April 20	99,344	2,594,171

\* Matching the commensurate day of the week Source: U.S. Transportation Security Administration



## CORPORATE TRAVEL TOWN HALL WEBINAR SERIES

# Managing Travel into Recovery

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**Corporate travel won't be the same for a while.** As the industry looks at an uncertain future, how will travel programs be managed? What safeguards will companies have to put in place; what will corporate travelers demand; and, at least for the short term, how will this all fit into what governments allow?

BTN has tapped a group of 300 buyers to brainstorm recovery strategies and the role of travel managers as employees return to the road. Now's your chance to join that conversation with key industry players, so get your quarantine snacks and coffee, and bring your questions.

# MAY 18

8am PT / 11am ET/  
3pm GMT

### TOWN HALL #1

## ESTABLISHING A SAFE RETURN TO TRAVEL

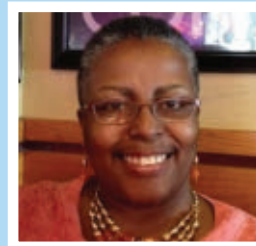
Find out how companies have formed Covid-19 Task Forces and travel's role in those efforts. How is travel collaborating with internal and external risk management, what will programs require from travelers and, how will they build traveler trust to get back on the road?

#### KEY TAKEAWAYS:

- How are companies defining essential travel
- What role should travel play on corporate Covid-19 task forces
- How to align "Safe Return to Travel" and "Safe Return to Work" strategies

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### SPEAKERS



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Senior Manager  
Travel and Events  
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**REBECCA JEFFRIES**  
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**BRUCE MCINDOE**  
President and Founder  
WorldAware



**ELIZABETH WEST**  
Editorial Director  
The BTN Group

MODERATOR



## Travel Suppliers Join The Covid-19 Fight

**Business travel may be all but scuttled as the world socially distances during the global coronavirus pandemic, but travel suppliers are stepping up to help those in need. Here are just some of the efforts suppliers around the world are making to help house those on the front lines of the battle to contain the virus and connect them with the patients fighting the disease.**

### **IHG PROVIDING FREE ACCOMMODATION TO U.S. FIRST RESPONDERS**

IHG will provide free accommodation across the U.S. to frontline Covid-19 first responders. Healthcare first responders will be matched with hotels near their medical facilities through a dedicated VIP reservations service. The move is in partnership with #FirstRespondersFirst, an initiative of Harvard T.H. Chan School of Public Health, Thrive Global, and the CAA Foundation. IHG also said it would support food bank and food provisions charities across 70 countries by offering food, supplies and safe accommodation.

### **AA DONATES MORE THAN 81K LBS. OF FOOD**

American Airlines has distributed more than 81,000 lbs. of food to food banks across the U.S. to help restock their dwindling supplies as a result of increased demand caused by the Covid-19 outbreak. American donated its surplus of food from its inflight service and Admirals Club lounges and is partnering with Feeding America to distribute. The food includes breakfast items and fresh produce.

### **AHLA SIGNS UP 15,000 HOTELS TO HEALTH RESPONDER INITIATIVE**

More than 15,000 hotels have signed up for the American Hotel and Lodging Association's Hospitality for Hope initiative, the association announced, as part of the fight against the Covid-19 pandemic. The initiative identifies hotel properties that have offered to provide temporary housing for emergency and healthcare workers. Some hotels could be available as emergency hospitals and quarantines if needed.

### **HILTON, AMEX TO OFFER U.S. HOTEL ROOMS FREE TO MEDICAL PROFESSIONALS**

Hilton and American Express have partnered to donate up to 1 million hotel rooms in the U.S. to support medical professionals in the fight against the Covid-19 pandemic. American Express and Hilton will make rooms available without charge to doctors, nurses, EMTs, paramedics and other medical professionals through the end of May. Hilton will provide the rooms, with American Express an investing partner. Hilton initially will work with 10 medical associations, and the pro-



gram will cover stays from April 13 through May 31. Hotels will be staffed by employees who have received additional training on relevant health and safety measures. Rooms and common areas will continue to be sanitized using industrial-grade cleaners and updated cleaning protocols, according to the companies.

### **RED ROOF: FREE ROOMS TO FIRST RESPONDERS**

Upscale economy lodging provider Red Roof will donate a limited number of available rooms through May 31 to coronavirus first responders, including nurses, doctors, firefighters, police and emergency medical providers. Rooms can only be booked directly at participating hotels, and Red Roof is asking guests using the donated rooms to limit their stay to 14 days.

### **BEST WESTERN OFFERS DISCOUNTS, STATUS UPGRADES FOR FRONTLINE WORKERS**

Best Western Hotels & Resorts has launched a support package for healthcare, first responders, transportation workers and other frontline workers. The support package includes a discounted rate of at least 10 percent at participating North American Best Western-branded hotels, a custom loyalty offering including an elite status upgrade and expanded donation offerings supporting Covid-19 relief efforts. The rate plan is effective immediately and available for stay dates through June 30, 2020.

### **RED LION HOTELS OFFERS DISCOUNTED ROOMS TO ESSENTIAL WORKERS**

Red Lion Hotels Corp. is working with its franchises to offer essential workers discounted rooms during the coronavirus pandemic. Under the program, healthcare professionals, construction workers, delivery men and women, truck drivers and other essential workers will be provided a 50 percent room rate discount. Red Lion operates in the upscale, midscale and economy segments with brands including Red Lion Hotels, RL, Knights Inn and Lexington.

### **BENCHMARK CUTS RATES FOR ESSENTIAL WORKERS IN U.S. THROUGH 2020**

Hospitality company Benchmark's two luxury brands, Benchmark Resorts & Hotels and Gemstone Collection, are cutting rates for essential workers throughout 2020. Benchmark hotels will offer their lowest employee rates to doctors, nurses, EMTs, paramedics and other frontline workers as well as firefighters, police and members of the National Guard.

### **ROSEWOOD OFFERS ESSENTIAL WORKERS MEAL DELIVERY, FREE ROOMS**

Rosewood Hotel Group has launched a Covid-19 relief initiative that includes a brandwide associate fund and property-level donations of rooms and meals to essential workers. Initial pledges to the fund include \$2 million "from the Group's corporate executives, inclusive of salary contributions and a commitment from the company to match all employee cash contributions to the fund." ■

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Plus, we have your back with added travel flexibility, giving you the ability to plan and re-book impacted travel for up to two years.<sup>1</sup>

As we welcome your travelers onboard, our team of Delta employees will be there to care for them every step of the way. Rest assured, we will be stronger than before as we keep climbing together.

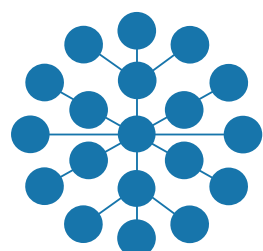


<sup>1</sup>Terms Apply: [delta.com/us/en/travel-update-center/overview](https://delta.com/us/en/travel-update-center/overview)

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## Buyers Cope With Cascade of Unused Air Tickets

BY MICHAEL B. BAKER, DAWIT HABTEMARIAM & JAY BOEHMER

Many corporate travel programs will emerge from the Covid-19 crisis with millions of dollars' worth of airline vouchers or refunds, which will require keen data management and close cooperation with airline partners.

For now, many buyers simply are trying to get through the next months of disruption, trying to get what compensation they can for flights that already have been booked for business travel or events that no longer are happening.

"You don't want to have these tickets to go on for so long that they expire," said Aon global director of travel operations Hillary Dallas. "The firm has paid for them; travelers have expensed for them. We don't want to lose money from expiring tickets."

Some buyers told BTN they have at least \$1 million in unused tickets.

As airlines grapple with the same issues, policies across carriers are changing rapidly, sometimes on a daily basis, FairFly VP of marketing Chris Ulph said.

Policies are changing even with flights that have been canceled by the airlines. While the U.S. Department of Transportation last month put airlines on notice that they are required to offer refunds if a flight is canceled or changed outside a reasonable window of time, airlines still are fiddling with that window or are looking at such options as providing vouchers that eventually revert to refunds should they not be used. Some regulators outside of the U.S.—such as in the Netherlands, Canada and Colombia—have modified requirements to allow for vouchers, at the urging of the International Air Transport Association.

MediaKind global travel manager Amber Lee said the largest U.S. carriers to date generally have been accommodating. "It used to be, 'We're extending the date.' Now they're saying, 'No cancellation fees, you can credit it, you don't have to book your next flight right away, or you can change your name on the ticket,' which they never do," she said. For smaller airlines, though, "there is a higher cancellation fee. They are just saying you're ... out of luck."

For some, third parties are involved. "An executive assistant used a third-party meeting planning company, and that company put the tickets on their credit card and then invoiced us for them," one buyer told BTN. "So any refunds by the airline would go back to the meeting planning company, and they would have to pay us back."

FairFly has deployed a module that tracks refund policies and potential refund amounts based on a company's passenger name records. As an indicator of policy changes, data run on a group of FairFly clients showed that from the 60 days beyond April 1, clients could recover about 64

percent of their air spending through canceling flights. By comparison, in the same period a year ago, only about 30 percent to 40 percent would have been available to recover. During the 60 days prior to April 1, clients were able to recover 76 percent of air spending through cancellations, according to the FairFly data.

"The difficulty for our corporate clients is that they can't keep track of all these policies, so we thought we'd do some spoon-feeding," Ulph said. "Because we have this data, and we have fare classes and fees, we can predict the net result of this."

Being able to track what is refundable enables buyers to triage massive amounts of tickets they would either need to deal with themselves or turn over to their travel management companies, which likely are operating at lower staffing levels at the moment, Ulph said.

While it's clear why some airlines at the moment prefer vouchers to refunds when possible—IATA has estimated airlines' liability for refunds globally at about \$35 billion, as they already are struggling with liquidity given cratering capacity and demand—many corporations will want to avoid them. Besides the challenge of managing them, many businesses are undergoing their own financial strains at the moment and could use the cash, Advito VP and global air practice leader Olivier Benoit said.

"A large corporation that spends \$50 million a year and has \$10 million in value vouchers might just say, 'Let's just use it,'" he said. "Some others could be in the position of needing the cash and also be at risk of survival, so most of them probably will not be willing to be the bank of the airlines."

Companies with clout with airlines might find success in converting vouchers to refunds at the negotiating table, he said.

"The corporate segment, after the crisis, will remain the most profitable segment for airlines," Benoit said. "Even if for a couple of months, the pricing is low to get people back on board, it's still strategic revenue for airlines, and I don't see airlines going to war with their most important clients."

Instead, airlines likely will push the voucher strategy more aggressively with leisure travelers, Benoit said. Small- and medium-sized enterprises will find themselves somewhere in the middle, although those who lean on a TMC might gain extra leverage in negotiating, he said.

### Incorporating the TMC

Several travel management companies in recent weeks have prioritized work to address the crush of paid but unflown airline tickets.

Travel Inc. last month tweaked its reporting to account for changing airline waivers, ticket policies and ticket expiration dates. It also now enables clients to pull self-service, on-demand reports on unused tickets. AmTrav in the past month built a database of airline waivers and ticketing policies, changing in real time, to better analyze and report on unused tickets. Bracing for a spike in rebookings, reissues and exchanges

**"The corporate segment, after the crisis, will remain the most profitable segment for airlines. ... I don't see airlines going to war with their most important clients."**

—ADVITO'S OLIVIER BENOIT

when travel returns, the TMC also fast-tracked development to layer this data into its proprietary booking tool to automate rebookings. Atlas Travel, meanwhile, accelerated a project, already underway before Covid-19 struck, to modernize its homegrown ticket-tracking system.

Far more than in the past, clients are demanding deeper insights on “things like cancellations, exchanges, unused tickets,” said Brian Beard, president of corporate travel data visualization and reporting specialist DVI, during a webcast last month hosted by Twelve Squared Growth.

“We’ve all been watching the unused ticket phenomenon, all of the cancellations, all of the waiver policies,” Travel Inc. SVP of business development and marketing Tracie Carillo said in an interview last month. “And then each airline is creating not only their own waiver policies, but they’re also creating each of their own ways of handling the unused ticket expiration dates and what they are allowing and what they’re not allowing. How do you capture all this information so you can serve up accurate reporting to your clients in real time?”

Travel Inc. in the past month adjusted its homegrown reporting tool after taking inventory of all the changing rules. “We’ve been able to take all the information from the different carriers and update the expiration dates accordingly,” she said, noting Travel Inc. then put this information into “a self-service environment, so the travel manager can go in and filter the unused tickets by issue date, by expiration date. It includes every aspect of that ticket information—the traveler, even the division.”

Airlines have been loath to provide cash refunds, “which I get,” said AmTrav CEO Jeff Klee. “The corporate people have been understanding, but it’s just an overwhelming mess to manage. They have all these credits and you have tickets expiring at different times. There are multiple problems with it.”

AmTrav quickly “built this database with all the possible permutations and parameters to keep track of them. We update it every day because the waivers are changing every day. In real time, when you pull up the report it will on the back end cross-reference the waiver database, so you’ll see up-to-the-minute information on what’s the real penalty that’s going to apply with the waiver, what’s the real expiration date, what’s the real credit value of these tickets.”

Atlas Travel chief technology officer Dan Reagan said clients unanimously are asking for clarity on such items as well. “Their mandate from above is: ‘Make sure you don’t let that value squeak out from between your fingers. Pay attention to the stuff that’s banked, and make sure it’s used as quickly as is feasible.’ It’s something they’re all on,” he said.

Atlas in recent weeks accelerated work on its own ticket-tracking system with an eye toward more flexibility. Reagan said the system monitors the entire lifecycle of a ticket, from issuance to use or from cancellation to stored value to “understand where it is in its trajectory of use.”

Confusing matters more in the unused ticket

**“[Each airline is] creating each of their own ways of handling the unused ticket expiration dates. ... How do you capture all this information so you can serve up accurate reporting to your clients in real time?”**

**—TRAVEL INC.’S  
TRACIE CARILLO**

mess, some corporate clients, particularly big spenders, are afforded more leeway from preferred airlines, several TMC execs said. For select clients, some carriers have rolled unused ticket values into what a TMC exec called a “soft-dollar slush fund.” Other carriers have offered to load unused ticket values on corporate payment vehicles like a Universal Air Travel Plan account, which could ease redemption down the road. Corporate clients face differing ticket name-change rules, as well, depending on carrier relationship or airline policy.

## Thinking Ahead

One major issue for buyers is how to allocate unused tickets for when travel resumes.

Some buyers are confident there will be so much pent-up demand that travel quickly will resume to its previous level. “So far, we haven’t made any decisions on unused tickets, but we’ll keep doing what we’ve been doing: Have the employees reuse them within 12 months,” said Bristol-Myers Squibb global travel analyst Ivanna Downes.

“We anticipate business travel to resume by quarter three, and we believe unused tickets will be used then more than ever,” Downes said. “If the scenario looks different by the end of the summer, we’ll think of a strategy.”

But a lot of companies won’t look the same after the pandemic is over, said Jo-Anne Lloyd, a partner at U.K. travel consultancy Nina & Pinta. “The problem with all these unused tickets is that they are attached to a passenger,” she said. “What if that traveler isn’t in that organization anymore?”

Dallas said a process is required to account for people who may not travel after the pandemic is over. “It requires a secondary process to manage the amount that are outstanding and determine if we can use them longer-term with name changes and potentially use it for another traveler, or work with the carriers to determine if they can be potentially held for later use,” she said.

Even if carriers are flexible about who can use the ticket, implementation will be a challenge, according to Lloyd. “Typically, that can’t be done on an online environment. That means it’s an offline transaction,” she said. “If you have hundreds and hundreds of these tickets to get through, which most corporations will have at the end of this, that becomes difficult to manage in your normal travel ecosystem, particularly if it can’t be done online. That has knock-on effects for cost, transaction fees, online booking tool adoption, all of that.”

Of course, the vouchers are a double-edged sword for airlines as well. Airlines that are able to do more refunds than vouchers will “recover faster because they won’t be burning off vouchers,” Cowen analyst Helene Becker said in a research note. As such, buyers should expect different selling strategies from airlines.

“When you think of the revenue component for airlines, will they be pushing upsells harder to make up revenue costs?” Ulph said. “They’ve issued vouchers now to ensure liquidity, so we’ll have to see what they will do then.” ■



## Michigan Travel Groups Object to Delta's Plan To Suspend Some Service

BY CHRIS DAVIS

Delta Air Lines and JetBlue each are requesting permission from the U.S. Department of Transportation to suspend service from several airports, but one such request has riled several Michigan travel groups.

Delta is seeking to suspend service from nine smaller airports—Lansing, Mich.; Flint, Mich.; Grand Rapids, Mich.; Worcester, Mass.; Hilton Head, S.C.; Pocatello, Idaho; Brunswick, Ga.; and Melbourne, Fla.—from which it said it is currently averages no more than 14 passengers daily from each on flights, according to the report. JetBlue is seeking to end service at 16 airports, including cities such as Atlanta, Chicago, Dallas, Detroit, Houston, Las Vegas, Philadelphia and Seattle.

Per the requirements of the U.S. government's Covid-19 relief stimulus package, airlines are required to keep minimum service levels to be eligible for grants, though DOT can allow waivers. The department already had rejected a request from United to suspend some service, according to Reuters.

Multiple Michigan-based travel-related groups have filed comments with DOT to object to Delta's proposal to suspend service to Lansing's Capital Region International Airport. Delta has maintained service from Lansing to Detroit and Minneapolis/St. Paul.

Delta received \$5.4 billion in payroll support from the relief package, \$1.6 billion of which takes the form of a 10-year low-interest loan.

Delta in its application to DOT suggested Lansing travelers could be served by Gerald R. Ford International Airport in Grand Rapids, Mich., from where Delta maintains service to Minneapolis/St. Paul and Detroit as well as Atlanta.

Capital Region Airport Authority interim president and CEO Robert Benstein in a letter asked DOT to deny Delta the waiver, noting that allowing a service suspension "would be detrimental to Lansing and the mid-Michigan community," citing Delta's 48 percent

**"Spending an extra hour or more on the road to travel from another airport is a significant inconvenience from both a time and financial standpoint."**

—MID-MICHIGAN BUSINESS TRAVEL COALITION'S MARK HAAS

market share at Lansing and the 170,000 passengers who flew Delta through the airport in 2019.

Benstein wrote that no provision in the Covid-19 relief package allows carriers that receive funding "to serve a community through an 'alternate point.'"

The airport shares the health and safety concerns Delta cited as justification to suspend Lansing service, Benstein wrote, and "we have implemented several procedures and protocols to minimize risk to employees and passengers while [the airport] remains operational," citing the airport's social distancing efforts, which include providing employees with masks, gloves and disinfectant wipes, among other measures.

The Mid-Michigan Business Travel Coalition, the Greater Lansing Chamber of Commerce and Greater Lansing Convention & Visitors Bureau president Julie Pingston also submitted comments to DOT in opposition to granting Delta the Lansing waiver.

"Our business community depends on the easy access to our local airport to provide convenient, reliable connections to over 500 global destinations," wrote Mark Haas, chairman of the Mid-Michigan Business Travel Coalition, which counts more than 200 businesses, governmental and educational organizations as members. "Spending an extra hour or more on the road to travel from another airport is a significant inconvenience from both a time and financial standpoint."

Delta last week responded directly to the airport authority's and the Mid-Michigan Business Travel Coalition's comments in a letter to DOT.

"As the Coalition acknowledges, 'non-essential travel is currently not allowed' in Michigan, and the demand for Delta's flights at the Lansing airport has fallen to nearly zero," Delta wrote. "During the period from April 1 through April 22, there was an average of only six revenue passengers per day on Delta's flights there."

Like most U.S. states, Michigan is requiring residents stay at home unless travel is necessary.

"Lansing is not a 'remote' community that will lose access to the air transportation system or the medical and pharmaceutical supply chain," Delta wrote. "It is just a 54-minute drive via interstate highway to Grand Rapids airport, where Delta will continue operating service."

Delta wrote, "This temporary inconvenience for so few passengers ... does not outweigh the public health and safety concerns that Delta has expressed for its airport staff and flight crews who will need to place themselves at risk of exposure to operate these near-empty Lansing flights." ■

—Michael B. Baker contributed to this report.

## Major U.S. Carriers Make Passenger Masks a Requirement

Most major U.S. carriers now are or will shortly require passengers to wear masks onboard.

Delta Air Lines' requirement began May 4. Passengers will be required to wear face coverings in check-in areas, Delta Sky Clubs, boarding gate areas, jet bridges, and onboard throughout the flight except when meals are being served.

Alaska Airlines also require passenger face

coverings as of May 4, and will provide them to passengers who do not bring their own.

United Airlines on its website said that it "will also make face coverings mandatory for all travelers," effective May 4, and will provide them to customers if necessary.

JetBlue and Lufthansa each announced last month mask requirements for passengers.

American's face covering requirement for passengers begins May 11. The carrier earlier this week said it would begin distributing facemasks as well as sanitizing wipes or gels to passengers in early May, but SVP of customer experience Kurt Stache said passengers should bring their own masks or face coverings that fit them comfortably. "American is working to procure facemasks and hand sanitizer as a supplement," according to Stache.

Southwest Airlines' face covering requirement for passengers also begins May 11.

Delta also said it would have supplies for passengers who need them, though it encouraged passengers to bring their own.

Delta and American, along with United, announced in April face covering requirements for flight attendants. ■



## MPI Postpones World Education Conference to November

Ending its hopes it still could stage its annual World Education Congress in person from June 6-9 in Grapevine, Texas, Meeting Professionals International announced in late April that it has postponed this year's event to Nov. 3-6.

MPI still plans to hold the event at the Gaylord Texan Resort & Convention Center, and also plans an extensive virtual component. The decision comes as states still require social distancing and are enforcing gathering restrictions due to the coronavirus outbreak.

MPI for several weeks knew that maintaining the June dates would be difficult, and the association began discussing postponement about a month before the announcement, MPI senior vice president of experience Annette Gregg told BTN.

"When you have something as complicated as WEC, it's not just a Gaylord event," she said, adding that the cities of Grapevine and Arlington and venues for off-site events had to be considered. Plus, the hotel had closed, and Gregg noted that it had about 180 groups with meetings or events in flux for 2020.

"We were trying to be respectful to Gaylord and the complexity of running their convention center and the groups they had in place," according to Gregg. Also, we need a lot of space and had to wait until other groups made their decisions before [the hotel] could offer us the level of space we needed."

The organization updated its event branding from "creating authentic experiences" to "reunite for recovery" once it became clear the effects Covid-19 was having on the industry. It also was able to keep its three main keynote speakers. The biggest difference between the originally planned conference and the new dates is the full virtual confer-



**"This is our lifeblood. We are meeting and event professionals. We are putting our line in the sand, and we will have this thing."**

—MPI'S ANNETTE GREGG

ence, Gregg said, adding that Freeman had been selected to run the latter component.

"Sometimes these virtual add-ons look like a streaming keynote or two, but there will be a robust experience for the virtual attendee as well," she said. "We have two different design teams going down parallel paths, designing the on-site experience as well as the virtual experience."

The WEC also will feature an industry leaders panel for in-person and virtual attendees, several sessions about wellness, and new content focusing on business acumen, as "30 percent of our members are independent or small business owners, and we know they are particularly stressed when the country is in a recession like this," Gregg said. "So, we want to have content on how you run a lean business, and how you make your business bulletproof."

Gregg added that the Gaylord at minimum will follow the new enhanced cleaning standards set by its parent, Marriott International. MPI also is considering room setups, taking social distancing into consideration. It's looking at methods to set up session tables and whether to limit seating at each table and using diagramming software to explore ways to set up general session seating that maintains social distance. In addition, MPI is serving on an Events Industry Council committee to establish industry standards and best practices, and believes they may be in place in time for the convention in November.

MPI also reduced WEC registration fees for this year. "It's been a tough year with people getting furloughed and companies tightening their belts," Gregg noted. The fee for virtual attendance is \$299 with an on-site fee of \$799 for members or \$999 for non-members, which includes a 12-month MPI membership.

In the end, MPI felt it was important to have a live presence this year as a rally point for recovery. "You are seeing a lot of industry associations canceling in 2020, but this is our lifeblood. We are meeting and event professionals," Gregg said. "We are putting our line in the sand, and we will have this thing. We will figure it out together, and we'll get some things right and probably some things not so right, but it has to start somewhere, so it will start with MPI." ■

## Groupize Gets New Leadership

BY ELIZABETH WEST

Ron Martin last month joined Groupize as the meetings technology provider's CEO. He replaces co-founder Charles de Gaspé Beaubien in the role. De Gaspé Beaubien will move over to lead the company's customer success team and will remain on the board of directors. Groupize also added Hugh Jones to the board roster as executive chairman.

Martin's prior roles include CEO of online payment platform Paysafe. He also led a

software and SaaS incubator team as general manager of Altisource PLC and was an entrepreneur in residence at Bain Capital.

Jones has served as president and CEO of Travelocity and president of Sabre Airlines Solutions. He also sits on the board of directors for Travelport and Gogo In Flight.

The new appointments coincide with big changes for Groupize. The company launched Groupize 3.0 in early March, a plat-

form extension for larger, more complex meetings. The timing was rough, just as governments were shutting down large gatherings and enforcing lockdown measures as a brace against the coronavirus spread.

Even so, Groupize sees value in its range. New leadership underscored Groupize's roots in smaller, simple meetings as an advantage for coming out of the crisis and growing with the customer through recovery.

"Groupize's core value proposition is strongly resonating with our target customers as the impact of Covid-19 and other forces re-prioritize their buying requirements," Martin said. "Our next-generation technology is designed for enterprise wide adoption [to drive] savings, efficiencies and compliance with company policy all while maintaining flexible workflows. It is the right solution at the right time." ■



## Once Boiling, NDC Development And Deployments Now Simmer

As airlines, agencies and aggregators slash costs, furlough employees and rethink nonessential projects, the industry's pace of New Distribution Capability development and deployment has slowed, according to several airline and distribution executives.

Yet, as demonstrated by recent NDC deployments, ongoing standard development and freshly built capabilities, activity has hardly ground to a halt. That's especially true for NDC's biggest U.S. airline advocates, American Airlines and United Airlines, who affirmed in interviews last month that the long-term strategic rationale to modernize third-party distribution remains intact—as does their work underway to do so.

NDC is “still a priority for us,” United Airlines distribution director Tye Radcliffe said last month. “We are still building. We are testing and deploying capabilities as fast as we can. As you can expect, progress has slowed down a little bit, as folks inside United and external partners are working from home.”

He added: “I'm sure that each agency and GDS have their own resource challenges to work with, but no one has said, ‘This isn't a priority anymore.’”

Similarly, American director of distribution strategy Neil Geurin said the carrier remains “all-in” on NDC.

“There are certainly some [players] that have slowed down, but we have enough parties that we're working with that are still full-speed ahead on this,” he said in April. “My team doesn't have extra time in their days. We are completely occupied at this point with the work that we're doing. It's not a small list of players that are still developing” with American on NDC projects.

Each airline of late progressed on NDC-related projects.

American in April completed its paid-seats integration with Amadeus by way of American's NDC API. “What that means is they have now gone through the certification necessary to be able to go see what seat pricing is and what seat availability is at the time of booking via NDC,” Geurin said. “They have the ability to see if the customer has some variability to that, so if they're an elite member, for instance, their pricing is different because of their status. That was a very big step for us—certainly really important as we think about the next step, which is things like bundling.” American remains keen on developing tailored corporate bundles.

Amadeus confirmed American's paid-seat content now is available via Amadeus Web Services as well as its agent point-of-sale application. In a statement, Amadeus added: “At this stage, and from Amadeus' side, we have not seen any significant impact in our NDC deployment plans to date. The industry is clearly facing an unprecedented situation, and we are working very closely with our NDC-X partners



**“There are certainly some [players] that have slowed down, but we have enough parties that we're working with that are still full-speed-ahead on this.”**

—AMERICAN AIRLINES' NEIL GEURIN

so we can allocate resources in line with our customers' evolving strategic priorities and ability to move forward with us on NDC's deployment at scale.”

American's Geurin, meanwhile, said NDC deployments with Sabre and Travelport “are still coming along. We expect to have NDC content in both of those GDSs in 2020 at this point.” Further, Geurin said American remains in “active dialogue” with agencies to assess and address servicing gaps via NDC.

At United, meanwhile, “right before all this craziness happened, we were right in the middle of testing our ARC and BSP capabilities” to enable NDC settlement through those systems and lay the groundwork for agency reporting on NDC transactions, Radcliffe said.

“Once we have that testing and work complete, we plan on making significant progress implementing NDC with the GDSs, aggregators and agency partners throughout the rest of 2020,” said Radcliffe. For example, United is poised to launch NDC with Sabre, he said.

Meanwhile, Travelport in April turned on Singapore Airlines' NDC content in the Singapore market via an NDC web application, the company noted. The GDS operator activated six agencies in Singapore to validate NDC-based functionality and was in the midst of expanding access to other Singaporean agencies.

“Through these challenging times we are committed and continue to invest in and drive progress building our NDC capabilities for airlines where we've already been engaged on their NDC implementations,” Travelport VP of product propositions Kyle Moore said by email. “In this time of uncertainty, it's unclear the pace at which airlines will continue to pursue their NDC strategies.”

Still, he noted that Travelport won't stop working with agencies and airlines on NDC and other “distribution goals.”

IATA, meanwhile, is keeping pace with NDC standard development. Each year since the distribution standard, which IATA has led, got underway, the airline body has released two versions of the NDC schema. IATA director of industry distribution programs Yanik Hoyles in an email said that 2020 won't be an exception. “At this point, both 20.1 and 20.2 data exchange standard releases will proceed,” according to Hoyles.

Travelfusion, which has emerged as the preeminent non-GDS aggregator of NDC content, is working on 10 new NDC integrations, including projects with Middle Eastern and Asian carriers, CEO Moshe Rafiah noted. Internally, Travelfusion continues to work on its solution to lessen agency reliance on passive segments.

Still, Rafiah also confirmed a slowdown. “On the NDC front, I would say that, in line with the extensive furlough measures taken by the airlines, the NDC projects and staff have also been put on reduced capacity, so there is little activity going on,” according to Rafiah.

Yet, like American, United and IATA, the strategic thesis for NDC is not lost for Travelfusion.

“If you ask me about when we come out on the other end, then I am actually quite bullish, as I predict that NDC and direct [distribution] will play a much, much larger role both in terms of investment and urgency by the airlines to switch to the NDC channel,” said Rafiah. ■

**The Beat**

# Southwest Content Goes Live in Apollo, Worldspan

BY MICHAEL B. BAKER & JAY BOEHMER

Southwest Airlines is fully live in both the Apollo and Worldspan global distribution systems as of May 4, Southwest Business VP Dave Harvey said.

As of that date, agents and corporate travel buyers using those GDSs can shop and service bookings, and Southwest will be “treated the same as any other U.S. carrier in our system,” according to Jason Toothman, head of agency sales for the Americas and global accounts for Travelport, which operates the two GDSs.

Nearly all Southwest content available in direct channels will be available through the GDSs, including such ancillaries as EarlyBird Check-In. There will be “very modest carveouts,” Harvey said, but that will mostly be leisure-oriented promotional fares, and all content relevant to business travel will be available. Southwest also partnered with Airlines Reporting Corp. to implement processes for reporting and settling tickets for bookings in those channels, so agents and corporates using the channel will “have the ability, soup to nuts, to service their accounts, manipulate and manage tickets and every step of the process without having to call a call center,” Harvey said.

The activation date is within the timeline given by Southwest last year, when it first announced its new GDS strategy.

Travelport has communicated with TMC partners to make sure they are ready to manage Southwest within the channels, Toothman said. While many TMCs currently are operating at lower staffing levels due to the Covid-19 crisis, the ones they have spoken to so far are ready, he said.

“The thing on this deal, the marketplace is ready for some good news,” Toothman said. “While we’re facing these challenging times, we’re also preparing for a bright future.”



**“Buyers and TMCs have asked for this for the better part of a decade, and this will make it easier for them to get back to business and hit the ground running.”**

—SOUTHWEST AIRLINES’  
DAVE HARVEY

The airline has insisted it is only interested in working with business travel agencies as it expands GDS participation. Southwest has been cultivating relationships with such agencies, and TMCs must be approved by the carrier to book through GDSs.

Harvey said the activation “comes at the perfect timing for that rebound. Buyers and TMCs have asked for this for the better part of a decade, and this will make it easier for them to get back to business and hit the ground running.”

Southwest does not yet have dates for when its content will be live in Travelport’s Galileo GDS or in Amadeus, with whom it announced an agreement at the same time as with Travelport. Southwest projects that will happen in the fall or by the end of this year, Harvey said.

Southwest also had been in talks with Sabre for enhanced GDS participation but earlier this year decided to keep that relationship unchanged.

## Travelport Will Pay TMC Incentives

Travelport will pay travel management companies per-segment incentives on Southwest bookings, according to an April memo to travel agencies.

While Southwest has stressed it doesn’t plan to pay agency commissions or overrides in its pursuit of more corporate business, travel management companies can secure booking revenue by way of Travelport-paid incentives.

“To the extent that you receive per-segment incentives under your current subscriber agreement, Travelport will pay segment incentives for Southwest segments generated on or after the launch date of Southwest’s full participation, based on the current terms of your subscriber agreement,” according to Travelport’s memo last month.

Travelport also noted that Southwest transactions will count toward booking thresholds TMCs commit to GDSs. “Southwest segments generated on or after the launch date of Southwest’s full participation will be included for all segment count purposes under your subscriber agreement,” according to the memo to agencies.

As with other carriers committing comprehensive content to GDSs, the standard Content Continuity or Super Access fees Travelport levies on agencies apply for Southwest. ■

## Sabre, Farelogix Call It Quits

BY JAY BOEHMER

Sabre and Farelogix have terminated their merger agreement that expired April 30 at the stroke of midnight, dashing their November 2018 plans to wed. The decision to walk away from an acquisition comes amid the U.K. Competition and Markets Authority’s decision this month to outright block the transaction and against a backdrop of a pandemic-ravaged travel industry scrapping for survival.

“Sabre and Farelogix have agreed to

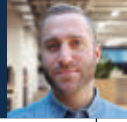
terminate the parties’ merger agreement, which expired at midnight on April 30,” according to a statement from Sabre president and CEO Sean Menke. “We continue to believe that the transaction was not anti-competitive, a result confirmed by the U.S. federal district court’s decision in Sabre’s favor. Unfortunately, the United Kingdom’s Competition and Markets Authority—acting outside the bounds of its jurisdictional authority—has prohibited the transaction. We

strongly disagree with the CMA’s decision.”

Though Sabre is letting the deal lapse, it “intends to appeal the CMA’s exercise of jurisdiction to the Competition Appeals Tribunal” on the view that the CMA, regarded worldwide as an aggressive antitrust regulator, overreached outside its jurisdiction. Sabre and Farelogix are U.S.-based companies, and the latter did not have a single directly served U.K.-based customer.

“In prohibiting the Sabre-Farelogix deal, the CMA has acted well outside the bounds of its jurisdictional authority,” a Sabre spokeswoman said. “The long-term effect of such regulatory overreach may negatively impact any company’s future transactions, and we believe it should be challenged.”

Sabre would not immediately disclose the amount of breakup fee owed to Farelogix, which could be up to \$25 million. ■



## Amex Q1 Commercial Card T&E Spending Down, Q2 Plummet Ahead

Global first-quarter travel and entertainment spending volume on American Express corporate cards plummeted 21 percent year over year, the company said last month. Airline-related global spending volume declined even more, coming in 32 percent lower than a year ago.

As dramatic as the first-quarter spending slowdown was, the current quarter likely will be even more drastically affected by the coronavirus pandemic, with Amex projecting second-quarter T&E spending to sink 95 percent year over year.

American Express's corporate card division saw strong momentum over the first

two months of the year, but Amex CEO Stephen Squeri during the company's quarterly earnings call said "we're now in a different world" after the pandemic spread to North America and Europe in March.

The deterioration of the global economy stemming from the Covid-19 crisis "has dramatically impacted our volumes," Squeri said.

American Express Global Commercial Services reported \$116.1 billion in card-billed business for the first quarter, down 6 percent year over year. Average quarterly cardmember spending dipped to \$7,836—a 7 percent decline.

Given its bleak second-quarter outlook, Amex has set aside a total of \$2.6 billion provisions for losses, more than 2.2 times higher than a year ago. The GCS division alone provisioned \$762 million for potential missed payments and defaults, up from \$254 million last year. ■

## Farelogix Tech Aids Social Distancing

BY MICHAEL B. BAKER

Farelogix is using its FLX Merchandise offer engine to help airlines enact social distancing policies in seat selection, according to the

airline distribution technology supplier. The engine lets airlines go beyond just blocking middle seats and set rules based on restric-

tion status, such as whether conditions in a certain market lets social distancing rules be relaxed in between specific origins and destinations. Travelers booking together on a single passenger name record also can select seats together if they do not need to socially distance, such as a couple traveling together.

Farelogix in April claimed "multiple airline customers, including a tier-one U.S. carrier" are using the engine for social distancing policies, though it declined to name any. ■

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# China's Business Travel Stirs

has their own room. You'll stay there for 14 days, and they'll do a nucleic acid test on you to limit imported cases from overseas," Kao said.

Bradley said some companies interested in resuming international travel to China have changed their mind once they understand the requirements. "You have to ask yourself," he said. "Is it worth it? What's the purpose of your visit if it requires 14 days when you arrive and 14 days when you return? What's so important that you needed to go there for that?"

BCD corporate clients seek up-to-date flight information, advice on ensuring duty of care and assistance with gathering refunds from airlines to replenish their own company cash flows, Kao said. His team has cleared 60,000 tickets on all carriers for refunds in a month in case the airlines change their refund rules or collapse financially, noting carriers elsewhere like Germanwings and Flybe haven't survived the pandemic.

## Domestic Travel Gets Back on Its Feet

While international travel is basically frozen, domestic travel in recent weeks has seen an uptick, according to Kao. "We're processing a lot more domestic transactions," he said. "In Shanghai and Beijing, a lot of the sentiments from our corporate clients are that things are getting back to normal."

"Domestic travel has been picking up already. The country is opening up. Cities are opening up. Beijing has opened up for domestic travelers," said the Beijing-based travel manager. "It's mostly business, because people are very cautious in terms of traveling [and will] reduce that as much as possible."

People are traveling around China by car, train and air, according to McIndoe. To contain the virus, people are tracked via a mobile health tracking system, which uses QR codes based on data from cell phone, immigration, hospital and police records to indicate their health status, according to Kao. As travelers enter public places like offices in major cities, guards may request to check the traveler's QR code to allow or deny entry based on that information.

"When you go outside of your city, you have to show a pass from the community you live in, [which] everybody has," one travel manager for a Beijing-based technology company who spoke to BTN on condition of anonymity said. "You get your temperature taken and have the QR code out on your phone. I know for a fact people who come to Beijing for business travel have to bring that code with them."

Compared with earlier this year, hotel occupancy levels are higher. STR North Asia regional manager Christine Liu said in a webinar that among the country's key hotel markets, Hangzhou has the highest absolute occupancy level, near 50 percent as of April 11. However, STR doesn't expect occupancy, average daily rate and revenue per available room to return to pre-2019 levels until 2022.

According to the Chinese travel manager who spoke to BTN, "The hotels are opening up, especially



## Slow Recovery in China's Scheduled Flights

Year-over-year change vs. equivalent week in 2019

January	4.3%
February	-55.1%
March 2	-41.6%
March 9	-42.9%
March 16	-38.7%
March 23	-37.5%
March 30	-43.9%
April 6	-46.2%
April 13	-42.6%
April 20	-42.4%
April 27	-39.2%

Source: OAG

to take business travelers, but hotels have to check your health status before they take you."

As part of its duty of care, the Beijing-based company now requires all employees to report health status to the company on a daily basis. If they don't, they will be fined with a deduction from their pay.

## Only Essential Corporate Travel

"Some clients are heading back to a normal position where domestic travel is allowed, even to Wuhan," said Kao, referring to the original infection epicenter in China's Hubei province.

Corporates are opting for very small-scale meetings with clients and going to their offices for internal meetings, according to Kao. Large conferences and events at China's hotels are largely nonexistent. Key Beijing destinations like its central business district, Haidian and the Financial Street, all of which are usually "very busy" for business travel, conferences and events, are "still very quiet," according to Liu.

"People don't see any large event or conference happening. They don't want to plan for a big event when Covid-19 is still prevalent," Kao said. "Most companies are taking a cautionary stance."

Kao said sales reps, account managers and senior executives have been the primary business travelers so far. "We're seeing people going onsite to get new business [and] signed contracts, and who are chasing for their money," he said. "There are businesses that are going under right now because of cash-flow problems, so people are also quite active in chasing payments. These are the conversations [happening] in person."

A U.S.-based travel manager said their company is allowing sales representatives from their Beijing office to meet with clients under strict conditions. Department executives must approve the meeting, and the traveler only can drive or take a taxi or rideshare service to the location and must follow their client's rules around meeting in person. "Our sales guys get paid with commission," said the travel manager. "They are more afraid of losing income than getting sick."

## Does China Offer Hope for Other Markets?

The Beijing-based travel manager thinks their company's travel will end up being around 60 to 70 percent of what it was last year. Before the pandemic, its global travel spend was "growing almost double year by year." For now, the company will continue to rely on their virtual meetings tool as an alternative to travel.

McIndoe expects global business travel to be hamstrung past 2020. "Until we get a vaccine, people are going to be very cautious," he said. "I think it's going to stay that way ... into 2021. Companies are going to be reticent about spending money on travel unless it's really important."

Bradley is optimistic about international business travel. He expects airlines to figure out ways to accommodate travelers in order to survive financially. Some business travelers will endure the risk of catching Covid-19, Bradley said.

"Some businesses will think that's an advantage if they can get someone on the ground, whereas others don't. That will speed up business travel," Bradley said. "It's going to crank up as soon as people feel like they can go with reasonable precautions, which is going to be three to six months, most likely." ■

—Elizabeth West contributed to this report.



CONTINUED FROM FRONT PAGE

## GBTA: Freeze Hotel Rates

a special exception this year ... [and] got involved at the request of top travel buyers and the top 50 hotel brands," said GBTA CEO Scott Solombrino in the announcement. "With so many people furloughed or laid off, and with so much uncertainty about when travel can truly restart, buyers and sellers have neither the resources nor the knowledge right now to develop a mutually beneficial hotel RFP."

While no one BTN spoke with for this report disagreed that the travel and hotel environment is challenged at the moment, some thought GBTA's announcement was premature given that the typical RFP season doesn't get going until August or September, when the hotel landscape might look different. Some also noted that GBTA is not an advisory organization.

"I think the intent was they are trying to be helpful, but there are people raising different theories on their intent," said Laura Kusto, senior director and global hotel practice lead for Advito and Stay by BCD Travel, which on Thursday issued a statement that while it agrees with some of the opinions expressed by GBTA, it does not support the recommendation to freeze rates into 2021. "We see another path that offers a lot more flexibility to take more of an active approach to managing programs coming out of this. The [GBTA] statement doesn't allow companies any flexibility in taking ownership of their programs," Kusto said.

### Program Erosion?

According to several experts, rolling hotel rates over could erode the value of the corporate travel program.

"GBTA needs to support their members, but I'm really struggling with what they are saying. We need to give buyers a choice," said Areka Consulting managing partner for the Americas Louise Miller, who voiced concern about program credibility given that static negotiated rates very likely will be higher than spot rates in the market going into next year.

"Hotel attachment is barely 55 percent in the U.S. and 25 percent in the rest of the world," Miller said. "If you roll over your rates, where you have static rates, there is a very good chance they will look high a lot of the time. That's putting the [program manager and the travel management company] in a bad situation. When travelers see lower rates in the booking tool, they'll say, 'I can't trust the TMC, I can't trust the program, I beat the rates every time.' It sends the wrong message."

Consultant Neil Hammond, partner at GoldSpring Consulting, agreed, especially now that buyers will be pushing harder to address health and safety concerns in their programs. "Buyers are likely to find themselves with a new stronger mandate for compliance in a program and can bring that into the conversations with hotels and provide support for the relationship," he said. "Whereas leaving redundant rates will erode support for the preferred program."

He posited that programs that still have fixed rates with last room availability wouldn't be suited to a commercial environment in which 2020 rates were

**"Our hope is that all parties will agree to roll rates over for this year so that buyers can continue to manage their travel programs, ensuring the safety of their travelers, which has to take priority for the foreseeable future."**

—GBTA STATEMENT

rolled into 2021, and predicted those programs would be switched to use dynamic rates. Amenities often included in programs with static rates, such as use of the fitness center or breakfast, might not even be available or desirable, he said, adding that some preferred hotels may be closed and need replacements.

There's also the issue of different blackout dates in a new year, Hammond said. Those are reasons why "rolling over rates is not as simple or as desirable as you may think," he said. "You need to optimize the program for the new environment. I'm not saying a full-blown RFP is the solution, but there certainly needs to be engagement between buyers and suppliers. So whether you call it an RFP mechanism, there needs to be a mechanism to negotiate contracts and to exchange information. And the GBTA RFP template is still the best mechanism to define the hotel program."

There's also concern about eroding the value of the corporate travel manager, said Tripbam CEO Steve Reynolds.

Reynolds said buyers he has talked to were aligned with their duty to their own corporations. He paraphrased their words: "We get paid to get the best value for the company. If we tell our bosses we'll just let things ride and not get significant discounts, that rates negotiated in 2019 are no longer valid, [that] I won't get negotiated rates until next year and we won't have discounts for probably two years or more, [they] would ask, 'Why are you here? What are we paying you to do?'"

### The Market Is in Buyers' Favor

The counterargument is that "we don't want to kick the industry while it's down," Reynolds continued. "But business is business. When was the last time a hotel came to a struggling business and said, 'We'll keep all your discounts in place and won't change anything even though volume is 90 percent lower than before?' I've never heard of that happening."

Reynolds argued that if hotels don't want to give discounts, they won't, but those that do will get volume and market share in return. "I don't see how it makes sense for either party to not sit down and talk about this and figure out [their] new relationship going into the latter half of this year and next year."

Hotel executives would like to keep their pre-Covid-19 crisis average daily rate as long as possible, because that was the rate point created at the end of a long growth cycle, said HRS CEO Tobias Ragge. But 60 percent of HRS clients, according to a spot survey Ragge said HRS conducted last week, see an opportunity to negotiate for lower rates and better terms and conditions, and 50 percent said they anticipate issuing RFPs in order to help do that.

"We have around 250 global companies, most of which are in the Fortune 500, and about 60 percent said they see an opportunity and are being asked internally by not only their [chief procurement officers] but also their CFOs to make use of the market situation, which now at the end of an 11-year-long boom is in the benefit of [the corporate's] side," Ragge said. "They think it's their opportunity to do the right thing for their corporation and to get better terms and conditions based on the current market after having had to accept all kinds of rate increases for the past 11 years."

GBTA referred to its own April flash poll to defend its RFP advice. The association said its poll showed

“more than 90 percent of buyers favored a postponement of the RFP process because so many key individuals had been displaced by the Covid-19 pandemic.”

Areka’s Miller said that her research with buyers contradicts GBTA’s conclusion. “I’ve spoken with both customers and prospects who are saying they either don’t have the resources or are so unsure they’d rather just delay, meaning not decide today,” she said. “It doesn’t mean they’ll all roll over their programs to 2021 and not change anything.”

## GBTA Responds

GBTA sent BTN a statement when asked to respond about the disagreement about its stance and role. Their response has been lightly edited for clarity:

“As a global industry association, GBTA represents the entire business travel industry, and the needs of both the travel buyers and suppliers. GBTA [was] approached by members from both the buyer and supplier side to discuss the impact of the hotel RFP process during this pandemic. As a member association, we took responsibility to look at ways to help the buyer-supplier relationship through this process, and [spent] several weeks conducting research, talking to members and committee[s] in each of the regions.

“The coronavirus has caused turmoil in our industry; these are unprecedented times. No one can predict the true impact, or duration of the disruption, and certainly not before the peak hotel RFP window of July to September. It, therefore, seems sensible to postpone the RFP process to ensure the future success of the business travel industry. If hotels are unable to fulfill the RFP requirements this summer, this would damage long-term partnerships and managed travel programs globally.”

“Our hope is that all parties will agree to roll rates over for this year so that buyers can continue to manage their travel programs, ensuring the safety of their travelers, which has to take priority for the foreseeable future. This way we can preserve global travel programs beyond the pandemic. As a non-governmental organization, GBTA is neutral and is making this recommendation on behalf of members only.”

While the assessment may sound right to many industry professionals—both buyers and suppliers—GBTA’s conclusion, or “hope,” is the sticking point.

According to Kusto, that stance lacks needed ingenuity. “The options people have been considering are, do like you’ve done it or don’t do it at all,” Kusto said. “There are plenty of options in the middle.”

Kusto has told clients preparing to launch an RFP to pause because it is a bad time to send one, since so many people are furloughed and unable to respond. “That doesn’t mean postpone for a year,” she said, adding that there are plenty of other issues that need attention. “We’re advocating that companies immediately take a look at existing programs. ... You have to take into consideration that static rates will be non-competitive, but they’re still loaded, so how do you optimize the booking tool to account for that? What can you do right now?”

Kusto also is trying to shift some clients who still contract based on the calendar year to go off-cycle, and noted that the company’s strategy the past couple years has been to suggest clients reduce the size of their hotel programs, and to diversify the program by adding more dynamic rates, quitting sourcing rates everywhere and using rate targets.

**“It’s important that corporate buyers respect what has happened to supplier partners. It’s a challenging time. From a procurement perspective, you can’t run an effective RFP if there are no recipients on the other side.”**

—S&P GLOBAL’S ANN DERY

Buyers BTN spoke with were happy to push the pause button on hotel RFPs, and credited GBTA for validating the need to do so. Their action plans after the pause, however, are more nuanced.

“I’m glad GBTA came out with this,” said S&P Global director of global travel and meetings and global procurement leader Ann Dery, who has extended her hotel contracts through either the end of 2020 or the first quarter of 2021. “This is one of those moments when partnerships matter. It’s important that corporate buyers respect what has happened to supplier partners. It’s a challenging time. From a procurement perspective, you can’t run an effective RFP if there are no recipients on the other side. Given the [hotel] closures and not knowing how many will reopen, I don’t think any hotel can give adequate pricing beyond December 2020.”

Dery also noted that it’s because of good partnerships that she believes when travel does ramp up, “those hotels with a tremendous amount of [our] business, if my negotiated rate is not competitive, I expect them to reach out to me and let me know.” Still, she added that she would have her agency conduct an audit of the top 50 hotels globally to ensure S&P Global’s rates were on par with the best available or cheaper. “We’re going to have to be very flexible and be able to pivot any strategy we thought we could use with the new normal.”

EAB leader of both travel and IT Steven Mandelbaum already was taking a hands-off approach to hotel RFPs, and said “anything that will hasten the demise of the hotel RFP is good, even if only temporary.” He added that he thinks it makes sense to postpone.

“The market will bear what the market will bear,” he said. “I don’t think anyone knows what volumes will look like or what hotels will look like.” He did project, however, that market rates will be better than corporate rates for the foreseeable future, but noted tools can take advantage of that. “I don’t know if there are many corporate programs today buying corporate rates when there are lower [best available rates] in the marketplace. I don’t think it happens much anymore.”

## Changing Priorities

When travel returns, buyers and suppliers will have to address a shift in priorities: namely, cleanliness and safety. Rather than obsess over RFPs, travel managers should work to make sense of the new programs hotel companies are launching and figuring out how to help travelers interpret them, Kusto said.

“Do you have a company policy on [cleanliness and safety]?” Kusto asked. “There is a tremendous amount of information we need to learn and make sense of.”

Kusto recommends travel managers “button up” their programs first and consider how policies and communications are configured in their booking tools, so they’re ready to go when travel comes back. Only then should buyers consider releasing an RFP.

Those buyers worried that not releasing an RFP right away undermines their value should instead focus their energies on solving emerging complexities and not on yesterday’s routines, Kusto said. “As soon as travel comes back, [hotels] will want to support active travel,” she said. And for markets where volume is lower, buyers should put rate targets in place. “I think the travel manager might be more needed than ever coming out of this,” she said. ■

## Beyond the Pause: Preparing for Corporate Travel Post-Covid-19

BY CAROLINE STRACHAN

When faced with the highly complex impacts that the Covid-19 situation brings, travel managers should think of their approach in terms of a “respond-prepare-return” framework.

The “respond” phase of Covid-19 for corporate travel, where we focused on getting people home and safe, is pretty much complete. But what comes next in the “prepare” phase? Getting this next phase right is your most important program moment of 2020.

Travel managers are a resilient bunch, and we’ve handled many situations over the years that can help inform our response and plan for the return. Your company needs you now more than ever. At a bare minimum, you need to be getting your company ready for what “great” looks like when traveling returns as an option to enable business.

We’ve been guiding our clients through a detailed framework to help them prepare for the return of their travel program. Here’s a few highlights, using our managed travel model, to help you think this through.

**Demand management:** The most critical item. If you don’t get this right, everything else falls over. You will need to assess the equation: *Company Confidence x Traveler Confidence x Government Permission = Permissible Travel*. This alignment is needed to allow even one trip to happen. Work out with your executives what matters most as travel returns. How quickly do they want to return? Many may be concerned about the floodgates opening and losing control of spend and the types of travel undertaken. Pair this with what is “permissible travel,” and travel can recommence.

**Policy:** Create a collaborative “extraordinary Covid-19 travel policy,” working with HR, legal, security and other key stakeholders to make this happen. Keep this high-level; one page max. Don’t try to cover every scenario; it’s impossible. Instead, look to answer questions like “is it safe to travel?” and “who is allowed to travel, and for what reasons?” And to be clear, the words “essential travel only” don’t cut it. Everyone’s view of “essential” differs.

**Service:** Work with your travel management company, online booking tool and platform provider to understand how they will manage your new policy requirements at the point of sale. These requirements need to be scalable, so we recommend working at an industry



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**“You now have the opportunity to think beyond the pause and build back up what type of travel matters most and consider what will bring the most return when you’re considering the effect on people, planet and profit.”**

level to agree to several components, then check the boxes for the ones that are right for your company.

**Suppliers:** When will they be open for business? Will they be operating at agreed minimum standards? No one has these answers. We need to work together as an industry and with governing bodies to work this out, not individually hound suppliers for answers.

**Payment and expense:** You shouldn’t need any changes, other than potentially to restrict expense categories to what’s agreed as “safe.” There could be an opportunity here to use payment “swipe” data to support traveler tracking.

**Data:** What new data points do you need? Can your current data provider deliver these? What can you learn from your debrief to the “respond” stage: Did you have data issues? What needs fixing?

**Safety and well-being:** What new health status data might need tracking pre-, on- and post-trip?

**Engagement:** Never has great engagement been more important. Listen to travelers. Ask them what they are worried about and what they need in place, then make it happen. Don’t attempt all this alone. Bring together your stakeholders, and keep them close and involved. (Your response and your career prospects will benefit!) And think about your executives when it comes to engagement too. Listen to them and deliver what they need to support a return, and keep them informed along the way with concise insights.

**Team:** Be the managed service owner and proactively lead your business to a return. Think about what additional knowledge, skill sets or bandwidth you need to be this owner.

Breaking down the “prepare” phase into these components will help you to stay on top of what you need to do. It’s a lot, but it’s also the bare minimum. The work you do now will help you maintain what you have and be ready for the new normal. It may also expose some flaws—or, indeed, opportunities. Now’s the time to work this out, not when you’re inundated when travel does return.

I’ll close with one important thought: They say you don’t truly know the value of something until it’s no longer there. Well, the ability to travel is currently gone. So now is the time to assess its true value. For years companies have grappled with calculating the return on their investment in travel. It has always landed in the “too difficult” bucket, and travel remained a firm cost-only line on the P&L. Never before have you started from a zero-based budget position. You now have the opportunity to think beyond the pause and build back up what type of travel matters most and consider what will bring the most return when you’re considering the effect on people, planet and profit.

Now is your time to shine. ■

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### A NEW MEDIA BRAND FOR EUROPE

BTN Europe is set to serve a wider market and audience with expanded content, more analysis and new digital products

Being Business Travel News rebranded to Business Travel News Europe (BTN Europe). The new look features a refreshed layout and navigation of the magazine, BTN Europe and the Business Travel News website. BTN Europe will continue to be a for weekly magazine and will complement other titles within the BTN Group, including Business Travel News, Travel Procurement and The Beat, as well as weekly regional UK, events. The Business Travel News, Travel Technology Europe and The Beat magazine BTN Europe will serve both the UK and European corporate travel market, and later this year launch a new series of award-winning professional events. A new website, businessandtravelnews.com has also launched, incorporating BTN content across the regional and national, as well as content from Business Travel News and Travel News, which BTN acquired along with The Business Travel News. Following the acquisition the new website will be both of these websites will no longer be available.

Elizabeth New, BTN Group's editorial director, said: "Business Travel News is excited to merge two of the most respected content sources in the UK market and to have the opportunity to expand our reach. Emotionally, these two groups had to engage with our English, Dutch, French, German, Italian and Spanish colleagues and beyond. But our focus is also looking at how we can diversify our editorial and content products in Europe and make them so fit your specific needs. If we do our job right, we can help you to make your job easier - sharing market intelligence, industry engagement and leading-edge innovation in travel management."

"BTN's growth also leads us to see how we can improve our operations, and I look forward to offering more research and editorial content to our long-standing audience."

Stefan Brown, BTN Europe digital editor, added: "We really couldn't have what the future holds come that we're part of the BTN Group. We have so much planned - over a depth of content of the best industry."

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