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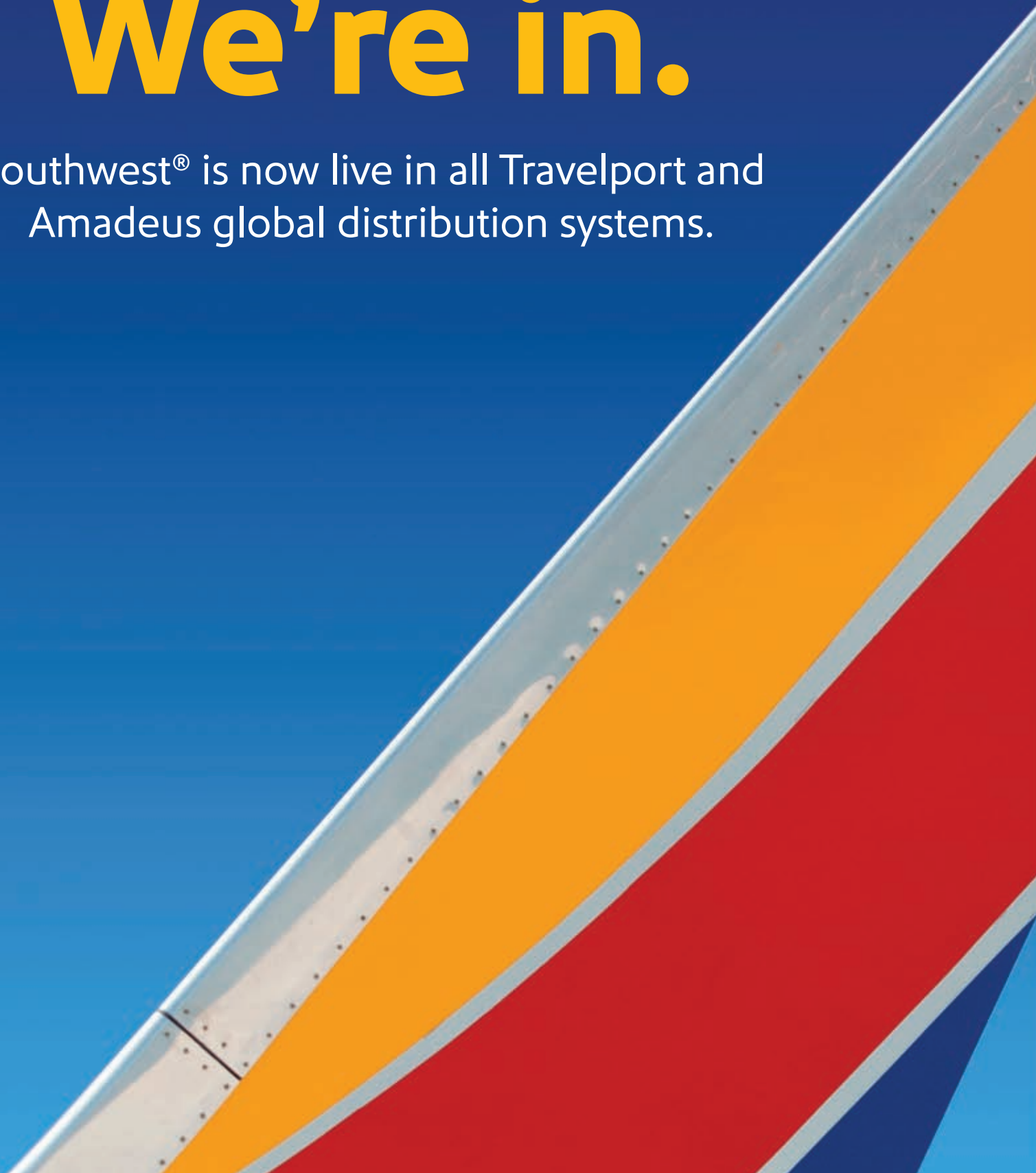
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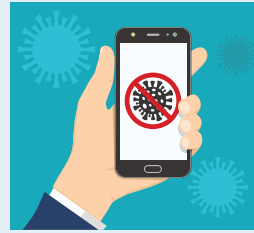
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**GLOBAL**

Several nonprofit organizations, carriers and travel agencies are testing a digital pass that certifies incoming travelers' Covid-19 test status.

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**MEETINGS**

Travel and meeting managers will need to re-evaluate their assessments of value after the pandemic, says Microsoft travel director Eric Bailey.

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**DISTRIBUTION**

CWT CEO Kurt Ekert discusses the travel management company's new operating structure and clients' needs amid the pandemic.

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## TOP STORY

BY DONNA M. AIROLDI

**BTN'S 2020 HOTEL BRAND SURVEY**

# Buyers Choose Their Top Hotel Brands

On a scale from 1 to 6

- Luxury:** Four Seasons **5.26**
- Upper-Upscale:** Marriott **5.08**
- Upscale:** Hyatt Place **4.89**
- Upper-Midscale:** Hampton by Hilton **4.66**
- Midscale:** Best Western **4.36**
- Upscale Extended Stay:** Hyatt House **4.77**
- Midscale Extended Stay:** Extended Stay America **4.51**

FULL STORY ON PAGE 7



## Is CTM, T&T Deal a Harbinger?

**BIG TMC MOVE HIGHLIGHTS CONSOLIDATION POSSIBILITIES IN A CHANGING MARKET**

BY CHRIS DAVIS & ANDY HOSKINS

The planned \$200.4 million acquisition of travel management company Travel and Transport by Australian TMC Corporate Travel Management, once closed, should offer travel buyers another option to consider when sourcing global travel management service providers. But it also might herald a new wave of industry consolidation, as TMCs and other suppliers struggle amid the crippling Covid-19 pandemic.

CTM and Travel and Transport expect the deal, announced late last month, to close by the end of October, pending a U.S. federal government regulatory review, Travel and Transport CEO Kevin O'Malley told BTN.

O'Malley, who will serve as North America CEO of CTM after the deal closes, acknowledged that Covid-19 and its devastating effect on business

travel was a key driver of the deal, while noting that CTM for years had sought to acquire his company.

"CTM had been pursuing T&T for the better part of six years," O'Malley said. "I've gotten to know [CTM managing director] Jamie Pherous over time, he was persistent, and the answer had been along the way that we were going to choose to stay the course. But if that ever changed, we would let them know. And so when CTM reached out towards the end of April, I talked to our board and I said, I think we really should."

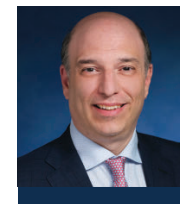
"I think our job given the times and not knowing what's going to happen with Covid is to get all the cards in our hands that we can, and then we'll figure out how to play

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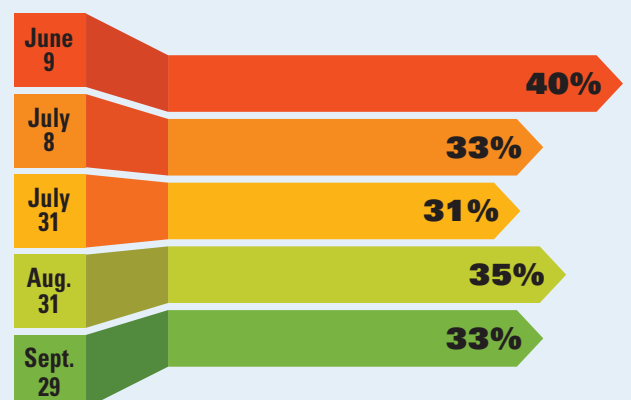
United Airlines EVP and chief commercial officer Andrew Nocella talks change fees and onboard Covid-19 mitigation.

"If clients would like an extension, we're happy to do that. If they want to go to [request for proposal], we're happy to do that as well."

## 6 | Data Hub

### U.S. Travelers Not Yet Anticipating Business Trips

Travelers who indicated they were likely to take a domestic business trip in the next six months



Source: MMGY Global surveys of 725 U.S. travelers who have taken at least one overnight business trip in the prior 12 months

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# Southwest Business Sees Corporate Demand Beginning to Stir

*Carrier goes live in Amadeus, to add O'Hare service*

BY MICHAEL B. BAKER

Although corporate travel levels remain deeply depressed, Southwest Airlines during the past few weeks has started seeing a few encouraging signs, Southwest Business VP Dave Harvey this month told BTN.

Meanwhile, Southwest Airlines' content now is available for corporate bookings on the Amadeus Travel Platform, and the carrier announced plans to add service from both Chicago's and Houston's largest airports next year.

While corporate business is "definitely still lagging leisure," Southwest Business since Labor Day has seen a "nice pickup" in corporate travel, Harvey said. Government business represents the most activity, followed by the health care industry and transportation and logistics. Overall, however, absolute corporate bans on business travel are becoming less common.

"There are very few large buyers that have literally no travel," Harvey said. "The hard freezes are being pushed down a bit, and about 90 to 95 percent of our global accounts have some travel this fall."

At the same time, Southwest is seeing some lengthening of booking windows. Since the onset of the Covid-19 pandemic, most bookings have been within one or two weeks of travel, but Southwest has now seen more corporate travelers booking further out, according to Harvey.

Even as corporate travel begins to trickle back in, Southwest still is bracing for a long recovery.

"Absent substantial improvements in our business, our quarterly losses could be in the billions until vaccines are available, distributed and effectively kill the pandemic—and at best that is looking like late next year," Southwest chairman and CEO Gary Kelly said in a video message to employees this month. "That's what it will take to drive increased demand for travel."

The carrier aims to avoid furloughs even after the expiration of federal payroll support approved in March. Kelly said he has reduced his own salary to zero, extended executive pay cuts and is cutting pay for noncontract employees. The carrier is negotiating with unions for pay cuts as well, without which furloughs could be necessary as a "last resort," he said. Pay cuts would be reversed if further federal aid for airlines is approved.

Still, Southwest is not pulling back on corporate sales efforts, having added staff to the

team back in the spring, Harvey said. This month, the carrier's content went live for bookings on the Amadeus Travel Platform, which is the smallest global distribution system in terms of marketshare in North America but "is absolutely coming up in more of the travel management company and buyer conversations as a strong option, so it was something important to our customers," he said.

With Sabre, however, Southwest still does not "see a path to getting something done in the short term" in terms of enhanced GDS participation, according to Harvey. The "basic booking request" model through which Southwest has worked with Sabre for decades is set to expire at the end of this year, and the carrier is working with TMCs and buyers using the model "to make sure there is no disruption," he said.

### Live in Amadeus

This month's announcement that Southwest was live in Amadeus came five months after Southwest's content went live in Travelport's Apollo and Worldspan GDSs and three months after it went live in Travelport's Galileo GDS. Both Amadeus and Travelport were announced as partners last year when Southwest revealed its plans to provide content and full booking capabilities in GDSs for the first time.

Southwest switched to Amadeus' Altea platform for its reservations system a few years ago, and having content on the same system will bring "instant and simple access to all changes in a customer's journey, including changes made by the airline," according to the announcement by Southwest and Amadeus.

Southwest at the beginning of the year said it had ended negotiations with Sabre for enhanced GDS participation. The Beat this month reported that talks between Sabre and Southwest have not resumed.

### Chicago, Houston Plans

Meanwhile, Southwest plans to add service from both Chicago O'Hare International Airport and Houston's George Bush Intercontinental Airport next year, the carrier announced.

Southwest has operated out of Chicago's Midway Airport since 1985, and Midway over the decades has grown into one of Southwest's busiest points of operations. The carrier now is working to start service for the first time from O'Hare in the first half of 2021.

Around the same time, Southwest also plans to start service from Houston Intercontinental, which will be a homecoming for the airline. Intercontinental was one of the three airports Southwest first serviced when it began service in 1971, but the carrier soon moved its services to Houston's Hobby Airport. It operated from both airports starting in 1980 but last flew from Intercontinental in 2005.

Southwest has not yet announced its schedules from the two airports, and a spokesperson said it would "support service" out of Hobby and Midway. ■

**"There are very few large buyers that have literally no travel. The hard freezes are being pushed down a bit, and about 90 to 95 percent of our global accounts have some travel this fall."**

—SOUTHWEST'S DAVE HARVEY



# United Plans with ‘Bounce Back’ in Mind

United Airlines during the past few months has been at the forefront of some industry-wide changes spurred by the Covid-19 pandemic. They beat their competitors to the punch in announcing the end of most domestic change fees in late August—similar competitor announcements came within the next few days—and more recently were the first U.S. airline to announce a same-day passenger testing program, which began Oct. 15 for travel from San Francisco to Hawaii. EVP and chief commercial officer Andrew Nocella last month spoke to BTN transportation editor Michael B. Baker about those and other changes. An edited transcript follows.

### WHAT'S UNITED'S CURRENT OUTLOOK?

We do think that normalcy returns after a vaccine is widely distributed and, of course, effective. We don't know exactly when that will be, but at United we're doing our best to prepare for that day. When demand comes back, we want to be there to connect people and unite the world immediately. We just reached a new deal with our pilots and, at least in the medium term, will have no pilot furloughs. That agreement is a foundational item for our potential ability to bounce back fully when demand is there. Airlines left and right are announcing retirements of their fleet, all around the globe. We at United have not done that. We shouldn't try to predict the virus. We own most of these airplanes and have parked a lot of aircraft in the desert, but they're ready to start flying for United again when our customers come back.

### WHAT ARE YOU HEARING FROM CORPORATE CUSTOMERS REGARDING RETURN TO TRAVEL?

I get the sense that they're looking to get back on the road, that travel policies are much more relaxed than they were earlier this summer. The reason to travel has not yet fully developed. As we start to return to the office environment, which we expect based on the feedback we've gotten to start in January of next year, that business travel will start to develop with that return to the office from a domestic point of view. The key globally is going to be taking down the borders. The borders are raised around the world right now, and that really is restricting travel. Working on a testing environment, where you can get a rapid test prior to departure, is absolutely key. We are going to keep pushing the boundaries of that to make sure that we can see a quick return to global travel with the testing environment and, once there's a vaccine, for it to bounce back from there.

### ARE YOU STILL LARGELY EXTENDING CONTRACTS, OR HAS MUCH BEEN HAPPENING ON THE NEGOTIATING SIDE?



United's Andrew Nocella discusses:

- Preserving pilots and aircraft for post-pandemic growth
- Covid-19 testing's role in recovery
- United's decision not to block middle seats

**“As we learned about the science, we also learned the airflow on the aircraft is unique.”**

We want it to be up to the client. If they would like an extension, we're happy to do that. If they want to go to [request for proposal], we're happy to do that as well. We haven't taken apart our network. Our network continues to grow. In the middle of the crisis, in fact, we announced a number of key new routes, and some were very corporate-client focused. Bangalore, India, was the No. 1 route request for United Airlines out of the Bay Area, and we were pleased to find an aircraft that could fly that route economically for us. We continue to have the greatest global network and to enhance it.

### WHAT FEEDBACK HAVE YOU GOTTEN REGARDING THE ELIMINATION OF DOMESTIC CHANGE FEES?

When we talked to our customers and our corporate clients over the last few years, the primary feedback of the difficult thing they had in their relationship with United was this particular thing. We are proud to be the first to get rid of it. There's a number of things we'll look back on Covid as providing the impetus to make some bigger strategic changes that set us up really well for the future, and this was a good example. Change fees, domestically and around the world, have been suspended anyway. It's feedback we've constantly gotten from our customers in the past. More people are booking United today because they do not have to worry about that particular issue.

### WHAT HAS CUSTOMER RESPONSE BEEN TO UNITED'S DECISION NOT TO BLOCK MIDDLE SEATS ON FULLER FLIGHTS?

The science and safety of this is critical. We've spent a lot of time analyzing this and working with others in the space to make sure we make the right decision. We recognize that people would like to social distance. We recognized early in this crisis that when people were traveling, it was because they needed to travel. In April, May and June, our load factors were incredibly low. There was not sufficient demand to fill up the flights that we were flying. We put a number of procedures in place, including restricting sales on certain flights and selling our smallest [Boeing] 737 and Airbus, but we'd fly our medium to largest ones to make sure there was plenty of space onboard the aircraft when they got on board.

As we learned about the science, we also learned the airflow on the aircraft is unique. If you're going to be inside any type of structure, because the air comes from the top and goes to the bottom and the seatbacks are high, the amount of effective distance you have onboard the aircraft when you're wearing masks is incredible.

In the early part of the crisis, we took affirmative actions to make sure the load factors remained low. In this part of the pandemic, we are just proactively communicating to our customer about the ability to rebook if you are uncomfortable about that, and we're communicating more about the unique airflow on aircraft and how that creates a safe environment when combined with masks. We survey our customers to make sure they think we're communicating well, and our scores have been great from that perspective. ■

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## Looking to 2021 as Covid-19 Persists

Scant evidence remains of any widespread intention to return to business travel this year, with most travelers not indicating such plans through March 2021 and corporate agency sales only beginning to inch up. But buyers are making plans for 2021, with a majority intending to reassess their air and hotel programs. In the meantime, the pandemic hasn't upped most of their workloads, with nearly 40 percent indicating they now have more time on their hands.

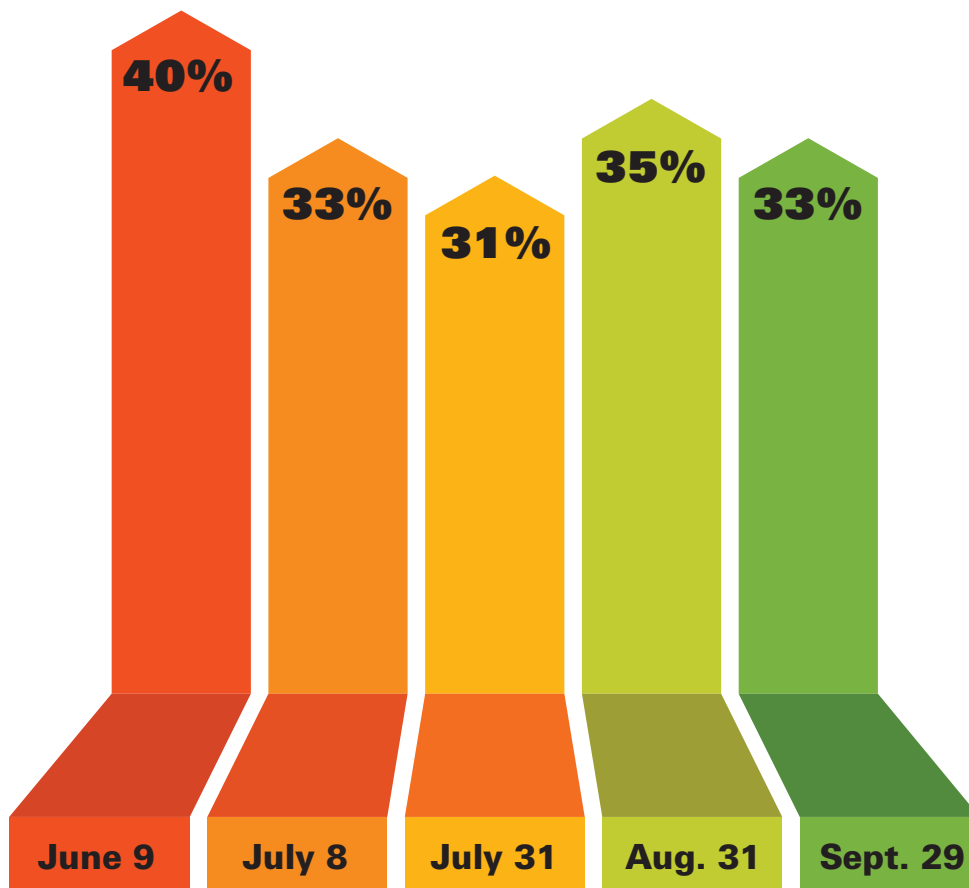
### ARC: RECOVERY IN AIR TICKETS SOLD BY U.S. CORP. AGENCIES LAGS LEISURE

7-Day Period Ending	Agency type, YOY change		
	Corporate	Online	Leisure/Other
Sept. 27	-86.3%	-51.1%	-71.2%
Oct. 4	-86.1%	-51.0%	-71.5%
Oct. 11	-85.7%	-49.8%	-69.7%
Oct. 18	-85.4%	-48.1%	-69.2%
<b>Year to Date</b>	<b>-68.72%</b>	<b>-53.64%</b>	<b>-61.21%</b>

Source: ARC

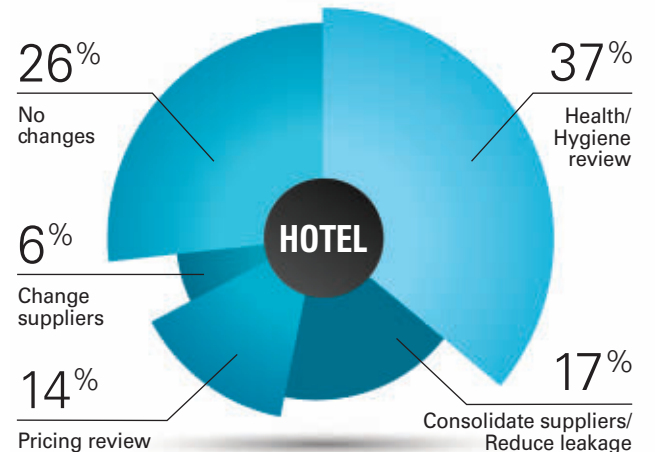
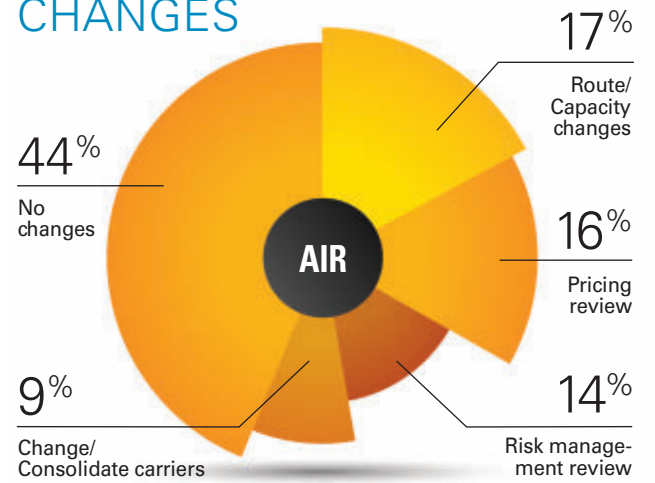
### U.S. TRAVELERS NOT YET ANTICIPATING BUSINESS TRIPS

Travelers who indicated they were likely to take a domestic business trip in the next six months



Source: MMGY Global surveys of 725 U.S. travelers who have taken at least one overnight business trip in the prior 12 months

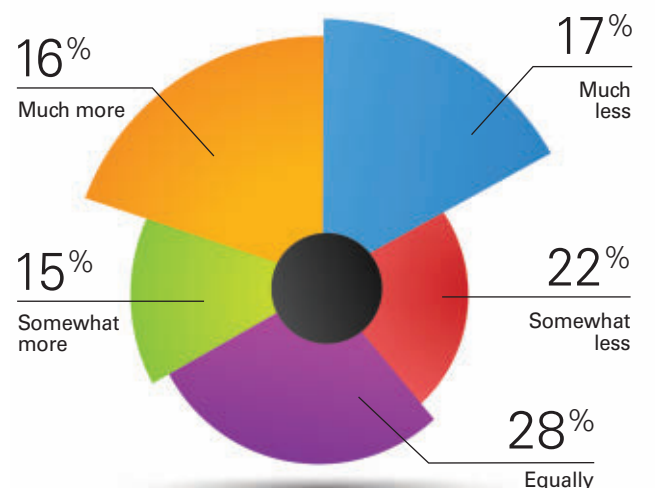
### BUYERS' PLANNED 2021 SUPPLIER PROGRAM CHANGES



Source: FCM/Corporate Traveler May-June 2020 survey of 2,230 travel managers

### TRAVEL MANAGER WORKLOADS IN THE COVID-19 ERA

Amount of Work Vs. Pre-Pandemic



Source: Global Business Travel Association Sept. 8-18 survey of 459 travel managers/procurement professionals



# Covid-19 Pandemic Upends Hotel Industry Landscape

BY DONNA M. AIROLDI

It's an understatement to say 2020 has been unlike any other year in the hotel industry. Revenue per available room declines and occupancy levels at the peak of the Covid-19 pandemic in late March and April were at or near their lowest ever, according to STR. In-person meetings currently are nearly non-existent, save for a few local small gatherings. And many hotels had to close or curtail their operations.

While most of those properties have reopened, some have not yet brought back their full staffs, and the American Hotel & Lodging Association has warned that more than two-thirds of surveyed owners report that they will be able to last only six more months at current projected revenue and occupancy levels. The organization relentlessly has lobbied the U.S. government for additional aid.

With travel budgets being cut, some corporate travel buyers are shifting from higher-priced tiers to more affordable ones. And the extended-stay tier has seen the least erosion of its occupancy. In this environment, brands that buyers know and can depend on are more important than ever.

The 2020 BTN Hotel Brand Survey once again asked corporate travel buyers to rate their top hotel brands across seven tiers of properties. However, it also acknowledged the effects of Covid-19 by asking them to rate three attributes based on their experiences during the pandemic along with 11 pre-pandemic attributes for each hotel brand they named. The top brands for the tiers overall weren't necessarily those that scored the best on the pandemic response criteria. Further,

fewer brands qualified this year than last, with two tiers—upper-upscale and midscale—including just three brands in each that made the cut.

Among multibrand hotel companies, Marriott International had six brands place in the top three spots of their respective segments, including repeat top honors for the upper-upscale Marriott brand, the only brand to retain its No. 1 spot among all seven tiers. Hilton Worldwide had four brands place in the top three, with Hampton by Hilton taking top honors for upper-midscale. Hyatt Hotels Corp. followed with three, but two were No. 1 for their tiers—Hyatt Place for upscale and Hyatt House for upscale extended stay. InterContinental Hotels Group and Best Western each had two, with the latter taking top honors for the midscale tier.

It wasn't surprising to note that those brands that scored highest for having clean, attractive and well-maintained hotels and facilities pre-pandemic and those with high responsiveness to safety, security and sanitation concerns during the pandemic tended to take top honors in their segments. Other criteria rated highly this year included the quality of on-property service staff and the ability to maintain critical operations at key locations for business needs.

"Some brands, like Hilton for example, were early on communicating messages about health and sanitation [in regard] to Covid-19, and it got kind of a boost from that," said industry analyst and adjunct professor at the New York University School of Professional Studies Jonathan M. Tisch Center of Hospi-

tality Bjorn Hanson. "I don't know if that was because leisure travelers were sensitive to it, or corporate travel managers were saying, 'I'm probably safer sending travelers to brands communicating and focusing more on health and sanitation.'"

With more travelers concerned about health and safety, several hotel companies also have accelerated their technology plans to offer contactless services, mainly through their mobile apps, for such transactions as check-in, checkout, virtual payment, room keys, room-service orders and other service requests.

Hanson warned, however, that there still are travelers who want the personal touch. "The conundrum is how to make both available for people who want that [at-desk] check-in and checkout and those who want automation so they [don't feel like they are] forced to [choose] one," he said. Additionally, he said, it's important that guests who want in-person service not feel awkward in doing so. For instance, a guest who wants to check out at the front desk might feel like they are inconveniencing staff if someone needs to be called to take care of them, he explained.

While many in the industry believe the worst is behind us, a full recovery is a long way off. STR and Tourism Economics predict that U.S. hotel demand won't recover until 2023, with occupancy, average daily rate and revenue per available room reaching at or near 2019 levels in 2024. CBRE also anticipates that the key performance indicators for the U.S. lodging industry won't meet or surpass 2019 levels until 2024.



## Communication, Personalization Key to Luxury Success

BY DONNA M. AIROLDI

Luxury has been one of the segments hardest hit by the pandemic. The tier saw some of the lowest occupancy levels and largest year-over-year drops in revenue per available room during the worst of the downturn in April. Even as other tiers begin to recover, luxury continues to limp along. August average occupancy was just 37 percent, compared with more than 50 percent for the upper-midscale, midscale and economy tiers, according to STR.

Some reasons for this trend include difficulties among still-hurting urban centers, with corporate offices remaining closed and international visitors rare. Luxury properties also rely more on meetings business than lower tiers, and in-person gatherings mostly have been halted.

Still, the luxury segment earned some of the highest ratings from travel buyers. Soaring from fourth place last year, Four Seasons took the top spot with a very strong score and top ratings for 10 of the 11 pre-pandemic criteria. Marriott International's Ritz-Carlton repeated its No. 2 ranking from 2019, and its JW Marriott brand was not far behind in third, up from sixth place last year. The latter also scored highest in the three pandemic-related criteria, particularly for its responsiveness to safety, security and sanitation concerns.

"That means JW Marriott is doing a good job, as it's underrepresented by rooms," said industry analyst Bjorn Hanson, an adjunct professor at the New York University School of Professional Studies Jonathan M. Tisch Center of Hospitality. He said he wasn't surprised to see Four Seasons and Ritz-Carlton place highly, given they have some of the strongest name recognition in the category.

Communication with travel buyers was key for all the top brands. "One of the big requests from our travel managers was to be really overt in our communication about exactly what would be the experience when [a traveler] arrived at a hotel and in what way was that going to impact the productivity of the

LUXURY ON A SCALE FROM 1 TO 6	Four Seasons	Ritz-Carlton	JW Marriott	InterContinental	Grand Hyatt	AVERAGE
<b>PRE-PANDEMIC CRITERIA:</b>						
Locations close to business needs	5.29	5.33	4.99	4.92	4.92	5.09
Clean, attractive, well-maintained hotels/facilities	5.84	5.49	5.34	5.33	5.33	5.47
Quality meeting facilities	5.49	5.30	5.19	5.16	4.98	5.22
Quality of on-property service staff	5.78	5.47	5.26	5.23	5.28	5.40
Supports traveler wellness with healthy food/fitness options	5.57	5.18	5.00	4.92	4.84	5.10
Safety and security standards	5.69	5.45	5.11	5.19	5.10	5.31
Brand consistency	5.60	5.29	5.16	4.92	5.08	5.21
Effective sales & account management staff	5.47	5.13	5.01	4.92	4.92	5.09
Partnership approach to negotiating amenities, rates & penalties	4.90	4.68	4.66	4.85	4.84	4.79
Quality of data & reporting	4.71	4.81	4.81	4.49	4.48	4.66
Overall price/value relationship	5.14	4.88	4.67	4.80	4.88	4.87
<b>PANDEMIC CRITERIA:</b>						
Effective communication to travel buyers	4.58	4.76	4.90	4.74	4.44	4.68
Responsiveness to safety, security and sanitation concerns	5.02	4.97	5.10	4.92	4.71	4.94
Ability to maintain critical operations at key locations for business needs	4.59	4.72	4.75	4.63	4.59	4.66
<b>TOTAL</b>	<b>5.26</b>	<b>5.10</b>	<b>5.00</b>	<b>4.93</b>	<b>4.88</b>	<b>5.04</b>

business traveler," said Four Seasons SVP of sales and hotel marketing Ben Trodd. "Very early on in the pandemic, we created a part of our website called Welcome Back. That enabled corporations and individual guests to look at each property and see exactly what is available. Do you have a gym? Are restaurants open? Is it full-service or limited-service? How does room service work?"

Marriott provided those details on its website as well. "We really wanted to be as transparent as possible because we wanted to set expectations for the traveler," said Marriott global brand officer and luxury portfolio leader Tina Edmundson. "We did a lot of that work even before we started talking to travel managers. Once those protocols were in place, everyone from our sales team for JW Marriott and Ritz-Carlton met virtually with travel managers. Our approaches are very personalized. We had a lot of travel manager advisory board calls throughout the pandemic, talking about what we are doing, listening to them, finding out what issues they were showing from the travelers."

Personalization is key for Four Seasons, too. "We partner on a bespoke level with each individual company, and we find out what resonates with that account, and work hard to personalize the experience with the business traveler," Trodd said. "Even before the pandemic, companies were increasingly moving toward a very curated experience for their employees [and] investing heavily in the health and well-being of the employee. That translated post-pandemic. We worked with companies so they understood what we have done, for example [our partnership] with Johns Hopkins to create a safe and healthy environment for anybody entering one of our properties ... and to provide that level of trust and reassurance around actions that we are taking."

Ritz-Carlton and JW Marriott tied for the highest score in the quality of data and reporting category. Marriott's Edmundson said the result was a culmination of the work the company is doing on its platform. "We are making pretty big advances from a technology standpoint," she said. "We are do-

ing a lot of work to upgrade the technology and to ... enable things that our customers want and the information that our travel managers need."

The two brands also saw their scores for meetings facilities increase from last year. Edmundson noted that Marriott's luxury brands rolled out a program in the fourth quarter of 2019 that focused on retraining staff on meetings and service components.

Four Seasons currently operates 119 hotels and resorts. Recent openings include its second hotel in San Francisco, its second hotel in Tokyo and its first in Spain, in Madrid. Future planned openings include Bangkok, Napa Valley and New Orleans. Ritz-Carlton operates 98 hotels worldwide, with recent openings in Nikko, Japan, and Nanjing and Xi'an in China. Future planned destinations include Mexico City and Paradise Valley, Ariz. JW Marriott operates 99 hotels in 30 countries. It recently opened properties in China in the Shanghai Pudong district; in Nara, Japan; and in Savannah, Ga., and Orlando.



## Buyers Opting for Classic Upper-Upscale, Upscale Brands

BY DONNA M. AIROLDI

Brands from just three hotel companies qualified for both the upper-upscale and upscale tiers this year: Marriott International, Hilton Worldwide and Hyatt Hotels Corp.

Those brands' loyalty programs likely are the driving factor in that choice, posits industry analyst and adjunct professor at the New York University School of Professional Studies Jonathan M. Tisch Center of Hospitality Bjorn Hanson.

For upper-upscale, buyers "follow in order of the generosity of their loyalty programs," he said, adding that Marriott has "by most independent and objective measurements, one of the best loyalty programs." He then placed Hilton's above Hyatt's. "I wonder if loyalty weighs more than in luxury or in upscale, which can be more about price," he said.

### Upper-Upscale

The Marriott brand skipped from fourth place last year to No. 1 this year, and an average score that jumped more than a quarter point to 5.08. Travel buyers also rated it highest for nine of the 11 criteria pre-pandemic, and two of the criteria during the pandemic. In all, it posted average scores of 5 or above in nine of the 14 overall criteria. Last year, the only category it rated highest in was for strategic locations for business needs.

Marriott SVP for premium brands Jason Nuell credited two factors for the improved scores and placement: a product transformation that began a few years ago, and the Bonvoy platform. "We're at about 80 percent of the portfolio in North America that are compliant with those new standards," he said. "The other big piece is the Bonvoy focus on the global traveler, elevating their benefits and getting them onto the platform."

Some of the brand changes include swapping out bathtubs for walk-in showers, adding more functional furniture focused on allowing guests to work in their rooms, and fitness upgrades. "On top of that is the M Club, where we really made

sure it was a premium space," Nuell said. "It gives the business traveler a place to recharge and focus."

Nuell added that Marriott is working with corporate travelers to personalize their approach and get the right hotels in programs. "We're making sure we're being transparent with the right hotels, the right markets, cleaning protocols and ensuring flexibility around them as well," he said, adding that travel managers have requested a personalized approach.

Hilton placed second, taking top ratings for overall price/value relationship, and two of the pandemic criteria: ability to maintain critical operations at key locations for business needs, and tying with Marriott for effective communication to travel buyers.

Hyatt came in third again this year but improved its overall score from 4.75 to 4.95. It also took top honors for its partnership approach to negotiating amenities, rates and penalties.

"We started connecting to customers the first week in March and got together focus groups and by vertical market and by different segments," said Hyatt VP of global sales Gus Vonderheide of the pandemic. "We really wanted to understand how travelers were feeling from a safety perspective and how travel buyers were feeling from a trends and a demand perspective. We had the CEO and others talk to them. We wanted to make sure we were very visible and transparent in our thinking and to make sure we understood their needs."

Hyatt learned that one size does not fit all. "We came up with half a dozen pricing models and laid them out," Vonderheide said. "Pricing will be key as we go into 2021. We know demand will be lower. Supply will be higher. We need to make sure we are priced appropriately to attract the business."

As for overall segment trends, Vonderheide said every offering has to focus on wellness, safety and security, and touchpoints with

the customer. "And there's a good amount of pent-up demand for all levels of our properties, and it just is going to be at different levels as business comes back," he added.

### Upscale

Hyatt Place leapfrogged from third place last year to No. 1 this year, rating highest in seven of the 11 pre-pandemic criteria, particularly for cleanliness and having an effective sales and account management staff, as well as brand consistency and overall price/value relationship, and partnership approach to negotiating amenities, rates and penalties, not unlike its Hyatt brand in upper-upscale.

"Fortunately, many of our hotels stayed open the past several months, and we immediately found ways to make the customer feel safe and comfortable," said Hyatt's Vonderheide. "We continued to provide a full-service experience in a select-service environment."

In addition, Hyatt Place in 2019 rolled out the ability for World of Hyatt rewards members to confirm early check-in and late check-out prior to their arrival at all the brand's properties in the Americas. The company also offers mobile entry via the World of Hyatt app, allows guests to see what room they've been assigned and how it aligns to their preferences, and is rolling out new digital capabilities that include the ability for members to select their housekeeping preferences, to view restaurant menus, and to order and pay for their food and beverages.

Close behind Hyatt Place was DoubleTree by Hilton, which fell from the top spot last year to No. 2. It garnered top scores for quality meeting facilities, quality of on-property service staff, and safety and security measures pre-pandemic. It also scored the highest for all three of the pandemic-related criteria, particularly responsiveness to

UPPER-UPSCALE ON A SCALE FROM 1 TO 6	Marriott	Hilton	Hyatt	AVERAGE
<b>PRE-PANDEMIC CRITERIA:</b>				
Locations close to business needs	5.50	5.29	5.02	5.27
Clean, attractive, well-maintained hotels/facilities	5.29	5.17	5.15	5.20
Quality meeting facilities	5.26	5.03	5.00	5.10
Quality of on-property service staff	5.20	5.10	5.16	5.15
Supports traveler wellness with healthy food/fitness options	5.00	4.94	4.85	4.93
Safety and security standards	5.29	5.12	5.16	5.19
Brand consistency	5.12	4.88	5.05	5.02
Effective sales & account management staff	5.14	4.84	4.98	4.99
Partnership approach to negotiating amenities, rates & penalties	4.75	4.81	4.92	4.83
Quality of data & reporting	4.76	4.61	4.68	4.68
Overall price/value relationship	4.86	4.91	4.82	4.86
<b>PANDEMIC CRITERIA:</b>				
Effective communication to travel buyers	4.89	4.89	4.78	4.85
Responsiveness to safety, security and sanitation concerns	5.18	5.15	5.11	5.15
Ability to maintain critical operations at key locations for business needs	4.86	4.89	4.64	4.80
<b>TOTAL</b>	<b>5.08</b>	<b>4.98</b>	<b>4.95</b>	<b>5.00</b>



<b>UPSCALE</b> ON A SCALE FROM 1 TO 6	<b>Hyatt Place</b>	<b>DoubleTree by Hilton</b>	<b>Courtyard by Marriott</b>	<b>Hilton Garden Inn</b>	<b>AVERAGE</b>
<b>PRE-PANDEMIC CRITERIA:</b>					
Locations close to business needs	5.07	5.04	<b>5.29</b>	5.24	<b>5.16</b>
Clean, attractive, well-maintained hotels/facilities	<b>5.12</b>	4.91	4.90	4.79	<b>4.93</b>
Quality meeting facilities	4.48	<b>4.64</b>	4.52	4.51	<b>4.54</b>
Quality of on-property service staff	4.95	<b>5.07</b>	4.80	4.68	<b>4.87</b>
Supports traveler wellness with healthy food/fitness options	<b>4.67</b>	4.45	4.57	4.30	<b>4.50</b>
Safety and security standards	4.71	<b>4.98</b>	4.90	4.73	<b>4.83</b>
Brand consistency	<b>5.07</b>	4.94	5.04	4.79	<b>4.96</b>
Effective sales & account management staff	<b>5.10</b>	4.98	4.95	4.79	<b>4.95</b>
Partnership approach to negotiating amenities, rates & penalties	<b>5.05</b>	4.71	4.38	4.54	<b>4.67</b>
Quality of data & reporting	<b>4.68</b>	4.60	4.66	4.26	<b>4.55</b>
Overall price/value relationship	<b>5.07</b>	4.89	4.64	4.78	<b>4.85</b>
<b>PANDEMIC CRITERIA:</b>					
Effective communication to travel buyers	4.78	<b>4.95</b>	4.56	4.47	<b>4.69</b>
Responsiveness to safety, security and sanitation concerns	5.00	<b>5.09</b>	4.86	4.73	<b>4.92</b>
Ability to maintain critical operations at key locations for business needs	4.74	<b>4.85</b>	4.67	4.78	<b>4.76</b>
<b>TOTAL</b>	<b>4.89</b>	<b>4.86</b>	<b>4.77</b>	<b>4.67</b>	<b>4.80</b>

safety, security and sanitation concerns, likely a result of the company's CleanStay cleanliness program, launched in April.

Rounding out the top three was Courtyard by Marriott, moving up from fourth place last year, and it once again scored highest in having

locations close to business needs.

"Courtyard is a very well-established brand," said Marriott VP and global brand manager for clas-

sic select brands Diane Mayer.

The company has about 1,100 hotels globally. "It's everywhere you want to be," Mayer said. "Our growth strategy the last couple of years has been one where it's increasingly an urban brand. Where you might have more convention center and full-service hotels, increasingly there is a desire for a great hotel product that is more room-focused and a little less group-focused so the business traveler can feel comfortable."

Mayer added that the brand is looking at emerging business districts and technology hubs springing up in markets like Nashville or Texas or other places with call centers or distribution centers.

In addition, as it relates to wellness, "Courtyard has worked hard in both the fitness space and in the food-and-beverage space," Mayer said. "A vast majority of our Courtyards have the bistro concept, which went through a fairly significant refresh about two years ago ... with an eye to being healthy and fresh. And as hotels renovate, we're creating larger fitness spaces."

## Tight Race for Buyers' Preferred Upper-Midscale Brand

### *Best Western Tops Shallow Midprice Pool*

BY DONNA M. AIROLDI

The competition in the upper-midscale tier this year was very close, and the tier's overall average score is higher than last year's. For the midscale tier, however, only three brands qualified to be included, and the overall average decreased from last year. Also, the brands that scored the highest for pandemic-related criteria were not those that placed first, save for one criterium for the upper-midscale tier.

This mix of brands might change by next year as some sources recently told BTN that, given tight budgets for 2021, some buyers are "tiering down" in terms of chain scale, particularly those unable to achieve their cost-savings targets for higher-end brands.

As for the upper-midscale placements, "especially the top three, they're fresh concepts, a lot of capital expenditure is invested in Holiday Inn Express and Hampton Inn," said Bjorn Hanson, industry analyst and adjunct professor at the New York University School of Professional Studies Jonathan M. Tisch Center of Hospitality. "They're very efficient models for guests and for owners, so there is a lot of capital reinvestment that goes into the guestrooms."

#### **Upper-Midscale**

Hampton by Hilton rated No. 1 among the upper-midscale tier, moving up from second last year, when it rated highest for just its sales staff. This year, its top pre-

pandemic scores were for locations close to business needs, quality of on-property service staff, safety and security standards, and brand consistency. It also captured the top score for responsiveness to safety, security and sanitation concerns for the pandemic-related criteria.

The next three brands placed very closely together, with only one or two hundredths of a point separating them. Best Western Plus moved up from fourth place last year to second this year. Travel buyers rated the brand highest for clean, attractive, well-maintained hotels and facilities, supporting traveler wellness with healthy food and fitness options, and overall price/value relationship.

"Wellness is identified along

with safety and security as well as with food choices," said Best Western VP of worldwide sales Wendy Ferrill. "That is where we have elevated. When you look at the We Care Clean program, those programs have the same benefits across all chains, but what is different is the hotels are really taking it very seriously and engaging with the buyers, so that the buyer feels that sense of confidence. ... We've also added a lot of breakfast selections that are much healthier. In addition, for Best Western Rewards members, the choices they can get really make a difference and resonate with the travelers."

Ferrill noted Best Western has many new-build properties in the



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works, and said travelers appreciate the hotels' design. Best Western Plus currently operates 885 hotels in North America with 94 in the pipeline, and 348 outside of North America with 55 in the pipeline.

Holiday Inn Express took third place again this year, with a top score for its quality of data and reporting. It showed a significant increase in scores for that category, along with supporting traveler wellness, and partnership approach to negotiating amenities, rates and penalties.

InterContinental Hotels Group introduced its IHG Business Edge program a couple years ago for small and midsize companies, and building on that, launched its Customer Insights Portal in January for enterprise customers, giving them real-time access to dashboards and data about their companies' spend by brand, stay patterns by region and traveler loyalty and guest experience scores.

In addition, "one thing we know is important to all travelers and corporate buyers is breakfast," said IHG SVP of global marketing for mainstream brands Jen Gribble. "We've put a lot of emphasis on breakfast the last couple of years and made big improvements at all the hotels. We've improved the quality of the product, added variety and changed the ambiance."

She also noted the brand has updated its design and new sleep experience. "I think it's the whole package, the new design, the breakfast and the sleep experience," she said. "It's exciting for the business traveler who stays with us frequently."

Holiday Inn Express operated 2,888 hotels as of June 30, 2020, and has 755 in the pipeline.

Even though it fell from first place last year and technically didn't make the top three, Fairfield by Marriott was very close and managed to secure not only the top rating for quality meeting facilities but also two of the three pandemic-related criteria: effective communication to travel buyers, and ability to maintain critical operations at key locations for business needs.

## Midscale

Best Western ranked No. 1 this year, moving up from third place last year, and with an improved score from 4.12 to 4.36, taking top ratings for eight of the 11 pre-pandemic criteria. In terms of what it has been doing differently this year from last, "I think because

of the business that is out there in the market right now and where people are staying and are more familiar with, they're staying at a lot of Best Westerns," Ferrill said, adding that emergency or essential workers have comprised a notable share of the brand's 2020 clientele.

Describing a hotel that hosted hurricane relief workers this year in Louisiana, she noted that the owner came to the hotel to make gumbo, give everyone drinks and

make sure they were taken care of. "That is the difference," she said. "We are working with the properties to educate them on the travelers coming in, and it's back to that organic type of sale and service."

The brand scored especially well for having clean and well-maintained hotels and facilities, on-property service staff, effective sales staff and a partnership approach to negotiations.

"We look at the customer based

on their unique needs, and that's where we get in there and customize," Ferrill said. "During the pandemic, we reached out and let them know we are here and available and want to have that dialogue in terms of the dynamic travel program. The other piece is, we are staying connected to those buyers with their travel management company partners and offering promotions through the rewards program. [We are] speaking

UPPER-MIDSCALE ON A SCALE FROM 1 TO 6	Hampton by Hilton	Best Western Plus	Holiday Inn Express	Fairfield by Marriott	Holiday Inn	AVERAGE
<b>PRE-PANDEMIC CRITERIA:</b>						
Locations close to business needs	5.00	4.80	4.90	4.85	4.85	4.88
Clean, attractive, well-maintained hotels/facilities	4.68	4.85	4.69	4.64	4.60	4.69
Quality meeting facilities	4.24	4.33	4.13	4.37	4.20	4.25
Quality of on-property service staff	4.76	4.65	4.69	4.50	4.62	4.64
Supports traveler wellness with healthy food/fitness options	4.33	4.56	4.34	4.21	4.19	4.33
Safety and security standards	4.67	4.60	4.55	4.45	4.50	4.55
Brand consistency	4.78	4.60	4.64	4.56	4.43	4.60
Effective sales & account management staff	4.66	4.68	4.57	4.59	4.70	4.64
Partnership approach to negotiating amenities, rates & penalties	4.63	4.58	4.72	4.75	4.73	4.68
Quality of data & reporting	4.59	4.56	4.66	4.50	4.47	4.56
Overall price/value relationship	4.80	4.85	4.76	4.76	4.58	4.75
<b>PANDEMIC CRITERIA:</b>						
Effective communication to travel buyers	4.57	4.33	4.46	4.58	4.34	4.46
Responsiveness to safety, security and sanitation concerns	4.77	4.60	4.67	4.66	4.57	4.65
Ability to maintain critical operations at key locations for business needs	4.73	4.64	4.81	4.82	4.53	4.71
<b>TOTAL</b>	<b>4.66</b>	<b>4.62</b>	<b>4.61</b>	<b>4.59</b>	<b>4.52</b>	<b>4.60</b>

MIDSCALE ON A SCALE FROM 1 TO 6	Best Western	Quality	Ibis	AVERAGE
<b>PRE-PANDEMIC CRITERIA:</b>				
Locations close to business needs	4.42	4.28	4.52	4.41
Clean, attractive, well-maintained hotels/facilities	4.60	4.34	4.52	4.49
Quality meeting facilities	4.20	3.78	3.86	3.95
Quality of on-property service staff	4.60	4.25	4.29	4.38
Supports traveler wellness with healthy food/fitness options	4.25	4.00	3.83	4.03
Safety and security standards	4.40	4.31	4.14	4.29
Brand consistency	4.27	4.21	3.86	4.11
Effective sales & account management staff	4.45	4.41	4.00	4.28
Partnership approach to negotiating amenities, rates & penalties	4.49	4.48	4.19	4.39
Quality of data & reporting	4.15	4.25	3.78	4.06
Overall price/value relationship	4.46	4.50	4.38	4.45
<b>PANDEMIC CRITERIA:</b>				
Effective communication to travel buyers	4.02	4.13	3.85	4.00
Responsiveness to safety, security and sanitation concerns	4.33	4.38	4.29	4.33
Ability to maintain critical operations at key locations for business needs	4.43	4.54	4.25	4.41
<b>TOTAL</b>	<b>4.36</b>	<b>4.28</b>	<b>4.13</b>	<b>4.25</b>



with travelers virtually, and that makes a big difference because ... travelers like the engagement. Even though they are not traveling today, they will be in the future, and it makes them feel connected.”

Best Western has 1,096 hotels in North America with 51 in the pipeline, and 812 hotels outside North America with 50 in the pipeline.

Choice Hotels’ Quality brand may have taken the No. 2 spot this year, after not even placing last year, but it received top scores for all three of the pandemic-related criteria, as well as for quality of data and reporting and overall price/value relationship in the pre-pandemic section.

“The last two to three years we’ve made a concentrated effort to grow our global sales presence and corporate traveler,” said Choice Hotels chief commercial officer Robert McDowell. “Quality has been the recipient of a lot of investment in sales leaders, and we’ve been investing in the platform. [Regarding data and reporting,] we’re focused on making sure corporate customers are getting the reporting they need to manage programs across all brands and it’s what we think catapulted Quality into the No. 2 spot.”

The brand, which has been around for 80 years, is also “all about value,” said Choice VP of brand management, design and compliance Megan Brumagim. “Think about the areas we focus on delivering to our guest, what is central to their experience, like complimentary hotel breakfast, friendly responsive service. This is especially now really important to guests.”

The company also is working with hotels to make sure requests for proposals are done in a timely manner, and once accepted into a program, that the rates are loaded right.

“We’re making it easy for the RFP, pricing, customer data, and more,” McDowell said. “We’re focusing on listening to the travel buyer and making it simple and easy to work with Choice.” Another thing he added that started pre-pandemic is virtual pay capability. “It allows the travel manager to easily book a Choice hotel and not present a card at check-in,” he said.

Accor’s Ibis took third place this year and the top score for locations close to business needs. It is the first time the brand made the BTN Hotel Brand Survey.

## Extended Stay Proves Resilient Amid the Pandemic

BY DONNA M. AIROLDI

Despite the tremendous difficulties the lodging industry has faced because of the pandemic, the extended-stay segment has proven resilient, especially the lower-priced tiers. After a trough in April, occupancy for the midscale extended-stay segment was higher in June than in March. For the month of August, the average occupancy level for upscale extended stay properties in the U.S. was 50.8 percent; for midscale extended stay, it was 63.1 percent, according to The Highland Group. These levels compare with the overall U.S. hotel industry average of 48.6 percent, according to STR.

Though overall room night demand remained down year over year for the upscale and midscale tiers, room night supply was up in August for both, by 3.2 percent and 7.4 percent, respectively, according to The Highland Group. Extended stay’s inherent design favors current guest trends of wanting fewer touchpoints, booking longer stays and preferring a kitchen in order to better control food options.

Travel buyers, however, generally gave lower overall ratings to the upscale extended-stay segment this year compared with last year. The only criteria that scored higher were for the quality of on-property service staff and the quality of data and reporting. As a result, its overall average dropped from 4.77 to 4.61.

The midscale extended-stay tier, however, did somewhat better than in 2019, with its average score climbing from 4.29 to 4.35, and eight out of the 11 criteria rating the same or higher than last year. The tier most improved with buyers was in offering healthy food and fitness options to support traveler wellness, jumping from 3.85 to 4.28, and in data and reporting, going from 3.80 to 4.31.

### Upscale Extended Stay

In a strong showing, Hyatt House moved up from second last year to take the top spot this year, gar-

nering the highest scores for nine of the 11 pre-pandemic criteria and two of the three pandemic-related criteria. It scored particularly high for its cleanliness and responsiveness to safety and security concerns both pre-pandemic and during the crisis.

“We decided early on we wanted to make sure any product with Hyatt over the door would ease the concern or uneasiness of travelers,” such as adding hygiene managers and partnering with GBAC for cleanliness accreditation, said Hyatt VP of global sales Gus Vonderheide, referring to the company’s Global Care & Cleanliness Commitment.

The Hyatt House brand is becoming well-established and moving into international markets and urban downtown locations, he added. “It has really taken off,” Vonderheide said. “The extended-stay product is really doing well, it’s up across the board, and the length of stay has increased by a day or so.” He added that the brand also is a good option for the company’s new Work from Hyatt package, which is available at nearly 60 hotels in North America and the Caribbean. “It’s a really good space to spread out and have room for the family, kids and pets,” he said.

Residence Inn by Marriott took the No. 2 spot this year, moving up from No. 3 last year. Its top pre-pandemic ratings were for locations close to business needs, quality of data and reporting, and tying for supporting traveler wellness. It also had the highest rating for the pandemic-related criterion for the ability to maintain critical operations at key locations for business needs.

“I think Residence Inn is in a sweet spot for what business travelers want and need right now,” said Marriott VP and global brand manager of classic select brands Diane Mayer. “The brand is growing rapidly in urban markets and in emerging technology markets. ... One thing I think we’ve been doing is messaging and commu-

nicating a little better about the facilities and programs that we’ve had for a while. During the pandemic, folks might have realized for the first time that we do grocery delivery. We’ve always done that, with no service charge.”

The brand also has a partnership with Under Armour for an offering called Residence Inn Runs. “Every hotel has customer running routes designed and vetted by folks who use the Under Armour running app,” Mayer said. “It’s a nice resource, especially if you don’t want to go into a gym and want to be outside where it’s a little safer. We’ve offered it for a bit of time, but now it’s super-relevant.”

Staybridge Suites, an InterContinental Hotels Group brand, rounded out the top three, moving up from fifth place last year. “Travel managers look to this brand for guests that want to work longer and have work/life balance on the road,” said IHG SVP of global marketing for mainstream brands Jen Gribble, adding that the brand recently refreshed its food options. “There’s more variety and customization of those items,” she said. “We introduced freshly baked muffins and changed the bacon and egg products.”

The brand, which has 311 open properties, also launched a new service training program called Creating Community. “That’s one of the brand differentiators,” Gribble said. “It’s a toolbox of how [staff] can create that environment and meet the needs of guests who are staying longer.”

### Midscale Extended Stay

Extended Stay America scored significantly better this year than last and moved up from No. 2 to No. 1, taking top scores for all three of the pandemic-related criteria, as well as four of the 11 pre-pandemic criteria, including supporting wellness, partnership, quality of data and reporting, and price/value relationship.

“One of the things that really

struck me with joining Extended Stay America is how it recognizes that travel planners are a critical part of our business, and the company does not make any decisions without thinking about them,” said ESA chief commercial officer Kelly Poling, who joined the company in January. “As a result, we treat our travel partners like a true partnership. We are flexible to meet the needs of clients, whether it’s preferred rates, flexible cancellations, types of amenities for a particular hotel. We are committed to meeting the unique needs of each one of those relationships.”

Poling added that 100 percent of ESA’s properties remained open through the pandemic, and said travel managers said that “even though nothing in the world is business as usual, dealing with us feels like business as usual. We’ve been just as available and communicative as we always have been. We haven’t had to make reductions in workforce.”

TownePlace Suites by Marriott dropped to second from last year, but was not far behind ESA in scoring, and rated first for locations near business needs, its in-room kitchens and size, quality of on-property staff and effective sales and account staff.

After Fairfield, the brand has the largest pipeline in North America, said Marriott’s Mayer. “We’ve been opening 50 TownePlace Suites a year for the last several years,” she said. “We are now at 450 hotels, so it’s not surprising to me that people are noticing it.” She also credits its drive-to locations, and two new prototypes for the brand. One is with a smaller footprint and key count to enable it to get into more markets. There’s also a dual branding with the upper midscale brand Fairfield by Marriott. “A lot of customers use both brands, and you get the special amenities and programs of both in the envelope of the same building.”

Hilton’s Home2 Suites rounded out the top three, but scored highest for its cleanliness and well-maintained hotels and facilities, safety and security standards, and brand consistency.

<b>UPSCALE EXTENDED STAY</b> ON A SCALE FROM 1 TO 6	<b>Hyatt House</b>	<b>Residence Inn</b>	<b>Staybridge Suites</b>	<b>Homewood Suites</b>	<b>AVERAGE</b>
<b>PRE-PANDEMIC CRITERIA:</b>					
Locations close to business needs	4.77	<b>4.84</b>	4.48	4.55	<b>4.66</b>
Clean, attractive, well-maintained hotels/facilities	<b>5.00</b>	4.76	4.56	4.61	<b>4.73</b>
In-room kitchens; standard room size	<b>4.92</b>	4.90	4.70	4.45	<b>4.74</b>
Quality of on-property service staff	<b>4.85</b>	4.77	4.73	4.65	<b>4.75</b>
Supports traveler wellness with healthy food/fitness/social options	<b>4.56</b>	<b>4.56</b>	4.22	4.12	<b>4.36</b>
Safety and security standards	<b>4.81</b>	4.70	4.41	4.45	<b>4.59</b>
Brand consistency	<b>4.92</b>	4.76	4.33	4.55	<b>4.64</b>
Effective sales & account management staff	<b>4.77</b>	4.70	4.42	4.43	<b>4.58</b>
Partnership approach to negotiating amenities, rates & penalties	<b>4.76</b>	4.37	4.42	4.43	<b>4.50</b>
Quality of data & reporting	4.38	<b>4.61</b>	4.55	4.41	<b>4.49</b>
Overall price/value relationship	<b>4.85</b>	4.63	4.56	4.47	<b>4.63</b>
<b>PANDEMIC CRITERIA:</b>					
Effective communication to travel buyers	<b>4.75</b>	4.65	4.35	4.59	<b>4.58</b>
Responsiveness to safety, security and sanitation concerns	<b>4.83</b>	4.65	4.52	4.45	<b>4.62</b>
Ability to maintain critical operations at key locations for business needs	4.64	<b>4.79</b>	4.61	4.58	<b>4.65</b>
<b>TOTAL</b>	<b>4.77</b>	<b>4.69</b>	<b>4.49</b>	<b>4.48</b>	<b>4.61</b>

<b>MIDSCALE EXTENDED STAY</b> ON A SCALE FROM 1 TO 6	<b>Extended Stay America</b>	<b>TownePlace Suites</b>	<b>Home2 Suites by Hilton</b>	<b>Candlewood Suites</b>	<b>AVERAGE</b>
<b>PRE-PANDEMIC CRITERIA:</b>					
Locations close to business needs	4.43	<b>4.44</b>	4.08	3.78	<b>4.18</b>
Clean, attractive, well-maintained hotels/facilities	4.52	4.44	<b>4.56</b>	4.11	<b>4.41</b>
In-room kitchens; standard room size	4.57	<b>4.67</b>	4.39	4.12	<b>4.44</b>
Quality of on-property service staff	4.48	<b>4.64</b>	4.40	4.24	<b>4.44</b>
Supports traveler wellness with healthy food/fitness/social options	<b>4.45</b>	4.34	4.39	3.93	<b>4.28</b>
Safety and security standards	4.43	4.44	<b>4.50</b>	4.06	<b>4.36</b>
Brand consistency	4.67	4.65	<b>4.69</b>	4.22	<b>4.56</b>
Effective sales & account management staff	4.40	<b>4.48</b>	4.33	4.00	<b>4.30</b>
Partnership approach to negotiating amenities, rates & penalties	<b>4.57</b>	4.42	4.26	4.38	<b>4.41</b>
Quality of data & reporting	<b>4.61</b>	4.35	4.35	3.94	<b>4.31</b>
Overall price/value relationship	<b>4.62</b>	4.44	4.36	4.28	<b>4.42</b>
<b>PANDEMIC CRITERIA:</b>					
Effective communication to travel buyers	<b>4.21</b>	4.19	4.06	3.67	<b>4.03</b>
Responsiveness to safety, security and sanitation concerns	<b>4.53</b>	4.50	4.42	3.86	<b>4.33</b>
Ability to maintain critical operations at key locations for business needs	<b>4.72</b>	4.48	4.19	4.20	<b>4.40</b>
<b>TOTAL</b>	<b>4.51</b>	<b>4.46</b>	<b>4.36</b>	<b>4.05</b>	<b>4.35</b>

**METHODOLOGY:** BTN emailed readers responsible for corporate hotel buying decisions, and 426 participated July 24–Sept. 11 in an online survey to rate hotels with which they have conducted business in the past year. Buyers rated each brand on 11 pre-pandemic attributes and three pandemic-related attributes on an ascending scale from one to six. BTN reported results only for tiers and brands with significant respondent usage. The survey bases hotel-tier divisions on price-point data provided by STR. STR periodically moves brands to different tiers. Brands in this survey are placed in their respective tiers based on STR’s summer 2019 chain scale segments, as respondents’ answered survey questions based on summer 2019 to summer 2020 usage.



## United Taps ARC To See U.S. Corporate Contracting Through A Different Prism

BY MICHAEL B. BAKER

United Airlines is preparing to move its U.S. point-of-sale corporate customers to a new data reporting method for monitoring contract performance, which it began to develop with ARC last year.

In late 2019, United started testing ARC Data Connect with a few of its large-market corporate customers, United vice president of sales strategy and effectiveness Glenn Hollister said, with the aim of getting “the best, accurate reporting we can.” ARC and United are partnering with Grasp Technologies, which is helping to flow corporate travel program identification information from travel management companies to ARC. From there, ARC can match booked travel data from the TMC along with airline direct booking data with the corporate customer and provide reporting on performance, said Doug Mangold, ARC’s vice president of product.

Grasp already has a large TMC customer base, Hollister said, and is compliant with security standards such as PCI and GDPR.

For now, United is providing the reporting in a standalone platform, and by early next year, it plans to have it available through its Jetstream portal, according to Hollister. All U.S. point-of-sale customers eventually will be moved to the new system, and United still is evaluating what it will do with customers elsewhere in the world, Hollister said.

Hollister said the method is simpler and faster than other reporting methods, such as having to build separate reports to send to Prism. As such, the reporting can be supplied weekly instead of monthly.

“The conversation we would have with corporate customers is when they got data on what they had flown, it was not useful,” Hollister said. “By the time we could have the discussion, the data was quite old and was an after-the-fact report card.”

Besides having more frequent and fresher data, corporate

**“The conversation we would have with corporate customers is when they got data on what they had flown, it was not useful. By the time we could have the discussion, the data was quite old and was an after-the-fact report card.”**

—UNITED’S GLENN HOLLISTER

### The Beat

clients in the trial also indicated that the data was more accurate, with a consistent display of fares paid and additional charges, such as taxes, Hollister said.

While the new process does not change current corporate contracts with United, having the data allows corporations to consider a more dynamic approach in future agreements rather than a set-it-and-forget-it request for proposal. Nina & Pinta partner Jo Lloyd said having such flexibility will be crucial as business travel rebounds from the Covid-19 pandemic.

“Travel spend from corporations isn’t going to look like it did previously,” Lloyd said last month during a session at The BTN Group’s Business Travel Show America virtual event. “This is a supply and demand business, and pricing will flex according to that, so an active, ongoing, dynamic program will allow you to ride the wave of the market and the curve of the pricing.”

Hollister said he hoped the new process would enable the carrier to make the sourcing process simpler for buyers. “We talk about this being a new data source, but it also frees up United to build systems to support contracting to meet the needs of customers rather than relying on a single industry provider that has always been doing the same things,” he said.

ARC, meanwhile, is in “active discussions with several other airlines” regarding use of ARC Data Connect, according to an ARC spokesperson. ■

## STR: U.S. Leads in New Hotel Openings During Covid-19 Pandemic

BY DONNA M. AIROLDI

Even though some existing hotels remain closed or are operating at partial capacity, the United States from March 1 to Sept. 30 opened more hotels and rooms than any other country, according to STR.

The U.S. during that seven-month period opened 521 properties, accounting for 55,395 rooms. Five other countries opened more than 2,000 rooms during this time: China (23,470 rooms), Japan (16,304 rooms), Germany (9,027 rooms), Canada (2,748 rooms) and the U.K. (2,481 rooms).

For the full year through September, however, project deferrals in the U.S. have significantly increased. Year to date through September, projects that were deferred in the U.S. totaled 211, a 56 percent increase from the same period last year. In addition, 232 projects were abandoned, a 16 percent year-over-year decrease, though projects still are being moved into that category, according to STR.

“Generally, projects that have already broke ground are going to be finished—but abandon-

ments and deferrals, which are becoming more common, affect the total room count in the pipeline,” said STR SVP of lodging insights Jan Freitag. “The movement of projects into these phases is playing into the overall slowing of development activity because there isn’t that constant flow of projects from planning to construction, because the record-breaking demand of 2019 isn’t there waiting for new hotels to open.”

The number of rooms in construction in the U.S. has declined from the country’s peak of 220,207 in April. By September, 216,083 rooms were in construction, which still was up 6.1 percent year over year. ■

# Negotiated 2021 U.S. Hotel Rates Could Drop Up to 25 Percent, Report Suggests

BY DONNA M. AIROLDI

This year's hotel request-for-proposals season, currently underway, will be like no other, thanks to the Covid-19 pandemic's effect on the industry and its resulting uncertainty. Still, the average 2021 U.S. corporate negotiated rate compared to 2020 will decrease 20 percent to 25 percent year over year, predicted industry expert Bjorn Hanson, adjunct professor at the New York University School of Professional Studies Jonathan M. Tisch Center of Hospitality, in his annual analysis.

Hanson in August and early September conducted his research, which includes discussions with industry executives, corporate travel executives, an analysis of industry financial data, press releases and information available on hotel and brand websites.

"For 2021, generally, buyers have somewhat of the advantage, although most buyers have dramatically less travel volume and more uncertainty and therefore, less with which to negotiate," according to Hanson's report. "Most sellers are facing the lowest occupancies in history, generally to be forecast to be 50 percent for the U.S. for 2021, and the largest decrease in average daily rates in history, at 20 percent to 35 percent. Making negotiations even more difficult is that buyer and seller staffing is reduced in many organizations with reductions and furloughs."

## What Cards Do Buyers Hold?

With lower volumes, what can buyers bring to the negotiating table? Hanson told BTN that even though corporate volumes will be down, so too will occupancy, so the volume share on behalf of corporate clients may be similar.

Another potential benefit for buyers is that "in a period of lower occupancies, corporate accounts create a base of occupancy," he said, which can help hotels' revenue-management strategies. When fewer numbers of available rooms remain, the higher their rate structure, and to the extent that a corporate account builds that occupancy base, it helps the hotel get other, higher rates. "[Corporate is] part of [the hotel's] solution in a difficult environment," Hanson said. "Not only does it provide occupancy, but the base will be helpful."

There's also the history that sellers have had the upper hand for at least a decade. In recent years, buyers accepted rate increases based on expected increases in average daily rates, but those higher rates did not materialize, and they likely won't this year either. Therefore, "many buyers believe they have been overpaying, and this is the year to reset at lower room rates," according to the report.

## Negotiating Approaches

Though his report lists four primary approaches for rate negotiations this year, Hanson believes the hybrid model—a negotiated rate of 10 percent to 20 percent lower than the 2020 rate or the best available rate, whichever is lower—makes the most sense, he told BTN. The challenge is that many hotels' property management systems are not set up for this.

"What is the BAR that day? What is the corporate rate? What if the guest stays more than one night, what happens?" Hanson added. "Companies have become very serious about doing audits. How does that get audited? The smaller, independent hotels can do the [hybrid approach] better than the brands."

The approach that he believes will be applied the most, though, is using 2020 negotiated rates as a base, then applying a discount, such as 10 percent to 25 percent. The other two approaches are to maintain

the 2020 negotiated rates with an understanding that there will be a negotiation at a future date, and dynamic pricing, in which a discount is applied to a defined rate, usually the BAR.

The report notes that some buyers and sellers have started to discuss longer contract periods, beyond the typical one-year term. Sellers see such a move as a way to negotiate higher rates now, and some buyers see it as a way to negotiate lower rates now. But Hanson last month said that he's hearing more in recent days that buyers instead of looking to negotiate an 18-month contract are looking for a six-month contract. "Things are going to be clearer, and they are saying they'll agree to six months because by mid-2021, [they] can talk again," he explained. "Buyers should know how good or bad business travel will be then."

## Challenges and Fees

One issue new to the negotiation process this year is the inclusion of a contractual commitment for health practices, according to the report, but "compliance to these standards has been inconsistent to date across the hotel industry." Hanson said that if it's an employer in a city using one hotel, it's not difficult to enforce. But "if it's a national brand and travelers are traveling across the country, the brand almost can't agree to that because it cannot be implemented with 100 percent certainty," he said.

The report also notes that urban and suburban resort fees mostly have been suspended, because the services used to justify those fees also have been suspended. The same applies to some amenities like fitness room access or breakfast, which are not necessarily being negotiated into rates this year. Some hotels, though, are proposing a daily health-related surcharge of \$2 to \$12 because of increased cleaning and the cost of personal protective equipment and operational practices, such as assigning every other room and leaving rooms unoccupied for one night between stays as health measures to reduce exposure to Covid-19.

"I started hearing about [this fee] starting in March, early on," Hanson said. "There seemed to be logic for it, more than for urban resort fees. But my anecdotal understanding is that buyers said they don't think it's legitimate. The charge was added hotel by hotel and not across brands, and it had to be approved by the brands. It was more at full-service hotels than select- or limited-service hotels." ■

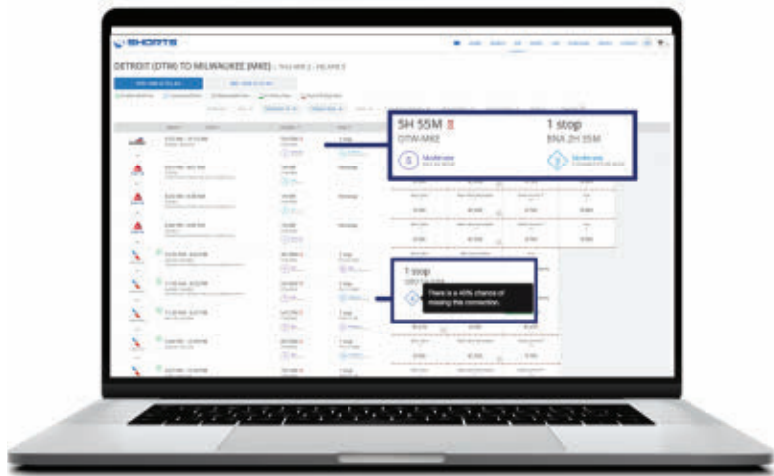


Hanson said he's seeing more buyers negotiating six-month contracts rather than committing to 18-month agreements.



## Short's to Sunset Booking Tool, Offer Upside, Deem

BY ADAM PERROTTA



Upside Business Travel continues making inroads into the travel management company distribution channel, signing up Short's Travel Management to sell a private-label version of Upside's corporate travel booking platform. A pioneer among TMCs when it launched its own online booking tool in 2010, Short's will sunset its Short's Travel Online OBT and offer clients Upside's platform or other online booking tools.

Short's Travel CEO David LeCompte told *The Beat* that the agency will sunset its Short's Travel Online tool as soon as the end of this year and is looking for a buyer of its homegrown tech if any agencies are on the hunt for a proprietary system.

For Short's, at least, the cost to maintain and update STO in relation to the revenue it generated didn't warrant ongoing support.

The agency, which already has supported third-party OBTs, will work to migrate STO users to another tool of each client's choosing, including such options as Concur Travel, Deem and now Upside.

LeCompte gave high marks to the Upside end-user experience and its rapid-onboarding capabilities.

Short's was working to enhance STO as recently as April, when the TMC began integrating flight delay and missed connection risk indexes from Lumo. But LeCompte said the decision to reimagine its online

**LeCompte said the decision to reimagine its OBT service model was motivated largely by changing client demands amid the Covid-19 pandemic.**

booking tool service model was motivated largely by changing client demands amid the Covid-19 pandemic, which has placed a premium on corporate duty-of-care responsibilities and driven demand for a "modern, personalized travel experience that surpasses legacy tools."

Upside's booking platform includes health and safety data for airports and hotels, sourced from Expedia's EPR Rapid API and ATPCO's Reassurance Universal Product Attributes, respectively, as well as ATPCO's Next Generation Storefront flight information standards.

The Short's reseller deal with Upside follows Omega World Travel, which inked a pact with Upside in September. Upside has reached similar deals with Utah-based Hess Corporate Travel and California-based Hunter World Travel, Upside chief commercial officer Jason Wynn told *The Beat*. Others are in the works.

At the time of the Omega deal, Wynn made no secret of the company's intention to carve out market share among TMCs seeking to expand their capabilities to serve clients in the post-Covid travel landscape.

"We believe the marketplace is up for grabs in a way that it hasn't been for years," said Wynn, who went on to tout adopting Upside's platform as a way for TMCs to "win new business and defend their client bases in this great reset."

Meanwhile, Upside in July announced a strategic partnership with TravelBank, another travel management provider that recently has enacted a plan to distribute its services through TMCs.

— *The Beat's Jay Boehmer contributed to this report.*

## New Adelman Travel Tool Automates Pre-Trip Approvals Based on Preset Controls

BY ADAM PERROTTA

Adelman Travel last month launched a new service that enables corporate clients to identify high-risk locations and automatically approve or deny travel bookings to such locations based on preset policy controls. Dubbed Hot Spot Approvals, the tool is available for travel originating in the U.S. to domestic and international destinations, according to the Milwaukee-based travel management company, a subsidiary of BCD Travel.

Amid the uncertainty and risk driven by the ongoing global Covid-19 pandemic, pre-trip approvals have been

on the rise, with many companies instituting or enhancing such policies in recent months.

"Due to the global pandemic, travel protocols and requirements are changing constantly, and companies need to be able to evaluate risks and trigger approval requirements in real time based on the destinations they choose," Adelman president and COO Steve Cline said in a statement.

In order to reduce the pain points historically related to pre-trip approvals—including the potential of such poli-

cies to create bottlenecks, hinder workflow and drive travelers to out-of-policy booking channels—Adelman has leveraged automation to simplify the process, the TMC said.

The web-based Hot Spot Approvals tool integrates real-time global risk intelligence to enable travel managers to discover and flag high-risk locations. Subsequently, when a traveler attempts to book a trip to a flagged destination, the system emails the authorizer, who can approve or deny the travel with one click. A response then is sent to the traveler and the reservation is automatically ticketed or canceled.

Hot Spot Approvals also provides access to traveler-tracking reports to capture trips already booked to locate employees in an emergency. ■



## Carriers, Organizations to Test International Covid-19 Digital Travel Passport

BY DAWIT HABTEMARIAM

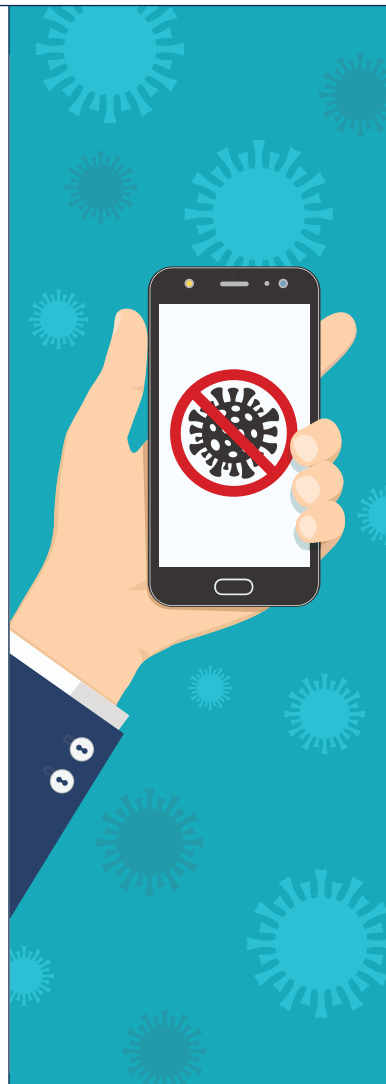
Switzerland-based non-profit The Commons Project Foundation and the World Economic Forum this month planned to start trialing a digital pass that certifies incoming travelers' Covid-19 test status, the organizations announced this month.

The trials will be conducted with Cathay Pacific and United Airlines. Called CommonPass, the pass will enable travelers to use their mobile phone to show their Covid-19 test status to crossborder authorities and airline staff in a manner compliant with privacy regulations, including the European Union's General Data Protection Regulation. Covid-19 test results for crossborder travel currently are shared typically on printed paper, or photos of the paper, often from unknown labs and without a standard format or certification.

To use CommonPass, travelers would take a Covid-19 test at a certified lab, upload the results to their mobile phone and complete the health screening questionnaires required by their destination country. Once complete, CommonPass confirms a traveler's compliance with the destination country's entry requirements and generates a QR code, which can be scanned by airline staff and border officials. Travelers without a mobile device have the option to print the QR code.

CommonPass also would enable governments to have confidence in the accuracy of each incoming traveler's verified Covid-19 status, according to the organizations, as well as the flexibility to adapt entry requirements as the pandemic evolves, including the specific types of lab tests or vaccinations to require, if any. The Commons Project Foundation and the World Economic Forum is collaborating with a broad coalition of public and private partners, including government representatives from 37 countries.

Cathay Pacific and United will be the first carriers to trial the service. Cathay Pacific will do so with volunteers on a flight between



Hong Kong International Airport and Singapore Changi International Airport. The carrier will use testing technology provided by private testing company Prenetics.

United will trial the service with volunteers on flights between London Heathrow Airport and Newark Liberty International Airport. At London Heathrow, Prenetics will provide the testing technology, which will be administered by travel and medical services company Collinson.

"Testing is a key component of a multi-layered approach to safely reopening travel," said United regulatory and policy VP Steve Morrissey in a press release. "Trials with solutions like CommonPass are critical to demonstrate the potential for testing as an alternative to blanket quarantine measures or travel restrictions, while we continue to focus on the safety and health of our customers and employees."

The U.S. Customs and Border Protection and Centers for Disease Control and Prevention will observe the trials. After the trials, the CommonPass rollout could expand to additional airlines and routes across Asia, Africa, North America, South America, Europe and the Middle East.

"I am encouraged by how quickly the global travel industry has coalesced around the CommonPass Framework," said American Express Global Business Travel founder and executive chairman Greg O'Hara in a press release. "CommonPass can give travelers the clarity and confidence they need to start moving again." ■

## British Airways Chief Exec Cruz Steps Down

BY MARK FRARY

British Airways chief executive Alex Cruz is stepping down from the role with immediate effect, according to British Airways parent company International Airlines Group. Cruz will remain as the airline's non-executive chairman for now.

Aer Lingus chairman and chief executive Sean Doyle has taken over as chief executive of British Airways and also will become the airline's chairman. Doyle's place at Aer Lingus will be filled by Donal Moriarty, currently the airline's chief corporate affairs officer, who will become interim chief executive. A permanent appointment will be announced in due course.

Cruz had been criticized by unions because of a plan to "fire and rehire" up to 12,000 staff.

Brian Strutton, general secretary of pilots' union Balpa, said: "Cruz has been in the departure lounge for some time so this is no surprise. He was given a remit to cut costs and found it impossible to do that without alienating BA passengers and employees alike."

Strutton added: "Willie Walsh has also gone, BA parted company with its COO earlier this year and now with the CEO leaving I hope this heralds a new dawn which sees BA behaving like the proud flag carrier airline it should be."

IAG chief executive Luis Gallego said, "I want to thank Alex for all that he has done at British Airways. He worked tirelessly to modernize the airline in the years leading up to the celebration of its 100th anniversary.

Since then, he has led the airline through a particularly demanding period and has secured restructuring agreements with the vast majority of employees.

"We're navigating the worst crisis faced in our industry and I'm confident these internal promotions will ensure IAG is well placed to emerge in a strong position."

Gallego added: "Sean Doyle has extensive experience at British Airways having worked there for 20 years before moving to head Aer Lingus nearly two years ago, where he has done an excellent job. I am confident that will continue at British Airways."

The group also announced that Fernando Candela, chief executive of Level, IAG's low-cost carrier, will join the group's management committee in a new role of chief transformation officer. ■



## ATPCO Develops Standardized Data Format for Detailing Airline Covid-19 Protocols

ATPCO has developed a new data format designed to help travelers more easily to see and compare airlines' pandemic-related protocols when flight shopping.

The new data format tweaks the Universal Product Attributes content that is part of Routehappy's product. UPAs were created largely to give shopping travelers more details about flights and products they were buying—images of seats or cabins, for example—and after the onset of the pandemic, ATPCO developed "Reassurance UPAs," which detailed information such as airlines' policies on cabin cleaning, food service and health screenings.

Now, ATPCO is offering "Structured UPAs," which puts that data for more than 300 airlines in a more standardized format consisting of an icon, headline and description. They cover five categories: cleaning procedures, including prod-

**Corporate travel platform Serko and Expedia will be the first channels to integrate the data format.**

ucts used and frequency; facial covering requirements; pre-flight temperature checks; seat-blocking policies, such as keeping middle seats vacant; and capacity limits.

ATPCO developed the format based on feedback from its travel-selling partners.

"Visuals are still important, as they enable customers to better understand at the time of booking the airline experience they will receive," according to ATPCO chief commercial officer Jonathan Savitch. "But after many hours of consultation with thought-leading airlines and channels, we realized they need more options, including the ability to filter and sort based on key health information."

Corporate travel platform Serko and Expedia will be the first channels to integrate the data format. An ATPCO spokesperson told BTN that includes Expedia's corporate travel channel, Egencia.

Expedia will use the structured data "to tailor, localize and test messaging to help travelers make more informed decisions," according to Expedia transportation SVP Michael Gulmann. Serko CEO Darrin Grafton said the data helps in "reducing the complexity of aggregating safety information across hundreds of suppliers in multiple regions."

ATPCO eventually plans to expand the Structured UPAs format to cover topics outside of pandemic policies and procedures. In the meantime, the reassurance data already has proven effective in driving bookings, according to Savitch. One channel that has been using the Reassurance UPAs noted that conversions improved 4 percent after adding the content, he said. ■

## U.S. Carriers Begin Offering Pre-Flight Covid-19 Testing to Avoid Quarantine

BY MICHAEL B. BAKER & CHRIS DAVIS

Several U.S. carriers in October began offering travelers pre-flight Covid-19 testing as a way to avoid quarantine at the flight destination, particularly Hawaii, where arriving travelers at press time were required to seclude themselves for 14 days without a negative test.

Carriers are offering both rapid at-airport testing as well as at-home tests that travelers can mail to laboratories before flights.

**United Airlines** this month began Covid-19 testing for passengers traveling to Hawaii from San Francisco. Passengers can choose the rapid Abbott ID Now Covid-19 test for \$250, and receive results in 15 minutes after scheduling an in-airport test. The carrier is working with GoHealth Urgent Care, which since July already has been testing United's international flight crews, for the testing. Passengers also can choose an \$80 mail-

in test managed by clinical testing provider Color, in which users collect and send in their own specimen with a nasal swab, at least 10 days prior to departure. They will then collect their samples and send them via overnight mail or a drop box at the airport 72 hours prior to departure, and results will be returned via text or email within two days.

**American Airlines** this month began offering passengers Covid-19 testing prior to travel to Hawaii, Jamaica the Bahamas and Costa Rica. American is partnering with home health testing provider LetsGetChecked for at-home testing, monitored virtually by medical professionals, with results returned on average within 48 hours. That option costs \$129 and includes shipping, according to the carrier. In addition, American is working with healthcare pro-

vider CareNow for passengers to get tested either at a CareNow urgent care location or for onsite rapid testing at Dallas/Fort Worth International Airport.

**Hawaiian Airlines** this month began offering drive-through Covid-19 testing in labs near Los Angeles and San Francisco airports. Hawaiian is working with Worksite Labs for the PCR testing, and travelers can either pay \$90 for results within 36 hours or \$150 for same-day express service. Passengers also can choose a \$150 at-home test which is self-conducted with the assistance via video chat with a Vault Health technician, then shipped overnight to Vault, which will provide results within 24 hours.

**JetBlue** also has partnered with Vault Health and is offering travelers kits for at-home saliva tests, which they administer while on a video chat supervised by Vault to ensure the test is done properly. The traveler then sends it overnight to a lab, and results are provided within 72 hours.

**Alaska Airlines** this month began offering Covid-19 testing for passengers in a pop-up clinic in downtown Seattle via a partnership with health care provider Carbon Health. Tests will cost \$135 for passengers and provide results within two hours. Carbon Health is planning to open clinics in more U.S. cities in the coming weeks. ■



## J.D. Power: Staff Service Key in Inaugural Third-Party Hotel Management Assessment

Staff service was a top driver in guest satisfaction for the largest North American third-party management companies, according to a new J.D. Power analysis released last month.

The company based the third-party management assessment on its annual Hotel Guest Satisfaction Survey, which is collected over 12 months from May to April each year. For the 2020 survey, J.D. Power collected nearly 38,000 hotel stays. Third parties with at least 14,000 hotel rooms under management were included.

“Now, more than ever, when travelers have heightened concerns about health, safety, cleanliness and availability of amenities, it’s clear that a well-trained, courteous hotel staff can define a guest experience,” J.D. Power hospitality practice lead Andrea Stokes said in a statement.

Crestline Hotels & Resorts ranked highest in overall guest satisfaction, with a score of 861 on a 1,000-point scale. Atrium Hospitality and Pyramid Hotel Group tied for second with 860 each.

The company asked 150 questions and measured six factors, with multiple elements among each factor:

- Arrival and departure (including front desk and staff service)
- Guest room (including cleanliness, condition and quality of linens)
- Food and beverage
- Services and amenities (including fitness centers and pools)
- Hotel facilities (including parking, grounds, safety and security)
- Costs and fees

**“Companies near the top of the list all performed well around the staff service idea, which is why we called it out.”**

—J.D. POWER’S ANDREA STOKES

“Companies near the top of the list all performed well around the staff service idea, which is why we called it out,” Stokes told BTN, adding that the top four companies ranked highest for service then for guest rooms.

J.D. Power has at least 10,000 properties in its database, Stokes said, and “it allowed us to do this analysis and take our factors and run our statistic models to look at management companies in this way and provide a benchmark. We know they compete for new owners and new management contracts, so we thought this would be useful for them, to be able to benchmark their performance against their key competitors.”

### J.D. Power 2020 North America Third-Party Hotel Management Guest Satisfaction Survey

Overall customer satisfaction scores, based on a 1,000-point scale

Crestline Hotels & Resorts	861
Atrium Hospitality	860
Pyramid Hotel Group	860
White Lodging	859
HEI Hotels & Resorts	851
Aimbridge Hospitality	848
Crescent Hotels & Resorts	846
Remington Hotels	842
Island Hospitality Management	837
Hersha Hospitality Management	834
Schulte Hospitality Group	832
<b>Average</b>	<b>848</b>

Source: J.D. Power

## Service Properties Trust Terminates Agreements for 122 Marriott Hotels

Real estate investment trust Service Properties Trust has terminated the management agreements for 122 hotels with Marriott International, the company announced. The REIT had sent Marriott a notice of payment shortfall in September, and the hotel company had until Oct. 5 to pay the \$11 million shortfall to avoid termination.

Service Properties Trust “did not receive

any payment from” Marriott, according to the company, and “based on discussion with [Marriott]” it “does not expect [Marriott] to pay the cumulative shortfall for the balance of 2020.”

The agreements cover two Marriott properties, as well as two Springhill Suites, 12 TownePlace Suites, 35 Residence Inn and 71 Courtyard properties across 31 states.

The effective date of the termination is Jan. 31, 2021, with Service Properties Trust currently planning to transfer the branding and management of 98 of these hotels to Sonesta International Hotels Corp.

Service Properties Trust has agreed to sell the remaining 24 properties, but did not immediately specify the buyer.

Sonesta also received 103 hotel management agreements when Service Properties Trust ended its agreement with InterContinental Hotels Group in August for the properties. With the addition of the former IHG and now Marriott hotels, Sonesta announced that it would increase from three to five brands: Royal Sonesta, Sonesta Hotels & Resorts, Sonesta ES Suites, and the two newest brands Sonesta Select and Sonesta Simply Suites. Service Properties Trust owns about 34 percent of Sonesta, it said.



## Rethinking Travel Value Assessments in a Post-Covid World

BY ELIZABETH WEST

It's hard to imagine the post-Covid-19 world in terms of business travel, but that hasn't kept travel managers from trying. The outlook sounds pessimistic if you view it in terms of projected trips. Evaluated in terms of meeting value, however, it may look different.

Speaking at last month's Business Travel Show America virtual conference, Discovery travel management VP Yukari Tortorich, Microsoft global travel director Eric Bailey and tClara founder Scott Gillespie illustrated the contours of how business travel may be viewed as the world emerges from the grip of the pandemic and how travel managers may need to adjust their own value proposition—and knowledge base—as companies return to travel.

Mass media company Discovery and technology giant Microsoft each have recovered less than 5 percent of their pre-Covid travel volumes to date, and both Bailey and Tortorich stated categorically that travel will not be considered the default option for business meetings going forward.

"There's no going back," said Bailey, who estimated two years of workplace digitization had taken place in the two months following the pandemic, and not just at Microsoft. "The whole world did it," he said. As a result, face-to-face meetings now facilitated by platforms like Zoom or Microsoft Teams offer a different value proposition and will force would-be travelers to plan differently and more comprehensively to pull the most value out of the trips they do take.

Bailey's comments initially targeted conference and event travel, for which he said participants historically have counted on "random meetings in the lobby" and the hopes that content would be good and the people they needed to talk to also would be attending. That no longer can be the premise for attending an event.

"We are going to plan more. We are connecting [prior to the event] and setting up meetings and not meeting randomly," Bailey said. He believes the shift will change supplier offerings, as well. "This is an opportunity for hotels and some other companies to have rooms available to book for 15 or 20 minutes to have a really productive meeting, without all the noise and distractions." Participants would come to in-person events prepared to solidify relationships and do the business that must happen in person. He said the same would happen for the individual business trip.

"In the past, if I flew to New York, I would



**"We have a two-page policy that puts a lot of trust in the employees. If they feel [they're] only comfortable [traveling] a certain way, we have nothing in place to stop that."**

—MICROSOFT'S ERIC BAILEY

line up maybe three meetings. That won't be good enough anymore. That will have to be eight or 10 meetings now" to justify the expense, from a dollars perspective, yes, but also from a time perspective and in terms of carbon emissions, Bailey said.

"Getting on a plane does not show that you care. Your dedication to being successful doesn't have to mean getting on a plane and taking three days out of the office," he said. Plus, the concept of the office has changed in a way that may impact business travel. "We don't need people to come in all the time. If you are going to come into the office, that means I have to come into the office to meet you," which may not be how many workplaces are set up to work anymore, thanks to the all-remote configurations that have been adopted since the pandemic began.

Bailey said travel managers need to embrace the change and begin to deliver on new requirements. "It may be that travel doesn't have to happen, or it won't happen in the same way," he said, noting the focus on trip cost may not endure past the pandemic because lower volumes will solve that issue. "I can't negotiate my way to \$300 million in savings—the cost savings is going to be there." Viewed per trip, however, he said: "We have a two-page policy that puts a lot of trust in the employees. If they feel [they're] only comfortable [traveling] a certain way, we have nothing in place to stop that. As people look to add more value for each trip, that may mean the cost of each trip goes up."

Discovery's Tortorich agreed with Bailey's cost-versus-value assessment. She said Discovery had relaxed policies around preferred suppliers as business travel gradually returns.

"Right now, we recognize we have preferred airlines and properties, but we are looking at individual comfort level of using that carrier or hotel," she said regarding current bookings and trips. As travel management, she said, "we are there as a consultant, but ultimately we want it to be [the traveler's] decision."

That may be easy to say right now, given that many market rates are notably lower than negotiated rates. With corporate travel volumes significantly down for the foreseeable future, however, it will be interesting to see how corporate programs react to cost pressure. Like Bailey, however, Tortorich is looking at the value of potential travel.

"Prior to Covid, 40 percent of our travel was for internal meetings," said Tortorich. "What percentage really requires face-to-face? Relationships are important, and how do you have that relationship? Can it be virtual, or do we need to meet face-to-face? We'll be looking at that."

Bailey encouraged travel managers to become experts at the many different types of virtual meeting technologies and platforms, even if that means pushing into new territory for travel management. "There a lot of things that I actually like better about meeting this

CONTINUED ON PAGE 21

## CWT M&E Adds Direct-Booking Platform for Small Meetings

CWT Meetings & Events, via a partnership with meeting-booking platform MeetingPackage, has introduced a global direct-booking platform for small meetings, the company announced. Dubbed CWT Easy Meetings, the company said the platform gives meeting organizers access to more than 250,000 hotel and independent venues in more than 90 countries.

Users can access a website for one-off meetings, and a more customized version with additional design and reporting features is available for enterprise users. The platform provides a mix of live and on-request content, and the venues with live content upload their best prices available at that time, said CWT M&E global vice president of commercial Ian Cummings.

The non-customizable, standard version of the platform is free for users, and

CWT M&E declined to specify if it receives a commission on bookings.

CWT M&E started working with MeetingPackage in 2016, mostly in Finland, then saw strong traction in 2018, CWT M&E Nordic commercial director Fredrik Hermelin told BTN. “From there it developed into what we see today, because the market also has matured along the way, and we saw the hotels coming on and the customers starting to say this is good technology,” he said.

CWT M&E piloted the tool with customers in Europe to understand implementation and solicit feedback, Cummings said. “We worked with MeetingPackage to make those adjustments into the tool and what it is today before we went global with it,” he added.

CWT M&E doesn’t define what a small meeting is, but Cummings noted most

of the smaller meetings tend to hover around the 30-person attendee mark. “On this tool, if somebody wants to book a meeting for 15 or 20 people, it’s very easy,” he said. “If people are getting up toward the 50-person mark, then they’re more likely to want to send an email or pick up a phone or have a little bit more interaction on what the value might look like.”

Each venue on the platform has its own change and cancellation policies, which are available for users to see before finalizing a booking. Bookings can be modified or canceled on the platform. Cummings said that a majority of the venues have been vetted by CWT, and “we feel pretty strongly that should there be a cancellation or a challenge particularly during these difficult times, that we have a relationship established already to go back with an account manager, and I think that’s a key selling point for us.”

Hermelin added that many venues have updated their terms and conditions due to Covid-19, and “they have much more flexible terms and conditions now than they used to.”

Planners can filter their search by meeting room only or by meeting package; the latter is more prevalent in European markets. Payment can be made using a credit card, virtual card or lodge card. Once a customer uses the service, their information can be stored. It’s also available in eight languages. ■

CONTINUED FROM PAGE 20

way,” he said, noting that travel managers will bring more value to the table if they can articulate the value of different technologies to their peers.

Tortorich agreed. “It becomes more important to think about the synergies and the stakeholders you are constantly working with,” she said, adding that many corporates will look to consolidate some internal responsibilities, and travel managers should position themselves to be a knowledgeable resource.

### The Risk of Not Traveling

As appealing as it may sound to a budget manager, tClara’s Gillespie warned there are risks in taking the no-travel-needed mentality too far. Yet, he said the trend doesn’t look good so far, according to initial findings from a survey tClara currently has in the field. Gillespie’s conference presentation noted “very high” resistance to holding even “important” meetings in person in 2021, and projected reductions in travel budgets of nearly 50 percent for 2021 versus 2019.

“Post-Covid, the apparently attractive return on investment of virtual meetings is the biggest threat we will face,” he said. “We’ll get past Covid, but we won’t get past the attractive ROI of Zoom meetings.”

The issue, Gillespie said, is that there is no way to calculate an accurate ROI for business travel. “We will never get a consistent scalable way to measure a travel ROI.” So, he said, businesses need to stop going down that road,



**“Post-Covid, the apparently attractive return on investment of virtual meetings is the biggest threat we will face. We’ll get past Covid, but we won’t get past the attractive ROI of Zoom meetings.”**

—TCLARA’S SCOTT GILLESPIE

which they’ve forged for a decade—since the 2008 recession, at least—with little to no success in pinpointing a consistent ROI formula.

Instead, Gillespie urged the industry to look at travel in terms of risk—more specifically, to consider the risk of not traveling when there is a business relationship at stake, a collaboration opportunity, a critical negotiation or, of course, a deal or sales opportunity. He argued that there’s a bigger business risk to not taking these kinds of trips, and one that cannot be mitigated. Whereas the health risk and the cost risk of taking a trip can both be mitigated—perhaps not to zero, but within an acceptable threshold.

With the meeting outcome framed as part of the risk scenario, Gillespie asked, “Are virtual meetings really going to reduce entirely the risk compared to an in-person meeting? You can imagine for a really important meeting, if you force it into a virtual mode, you could make a worse decision and have a worse outcome than if you made that meeting in person.”

Will such an argument get Microsoft and Discovery back on the road at full volume in 2021? Not likely, said those companies’ travel managers.

Bailey agreed with Gillespie, however, that such a decision would all come down to the potential value of the meeting. Pressed on whether Microsoft would try to assess an ROI on a business trip, Bailey responded, “We know what no trips looks like, so we now have a baseline.” He admitted, however, that it wouldn’t be easy.

Gillespie offered an easier and, likely, more pragmatic option: Evaluate the total risk and benefits of the trip. ■



## CEO Ekert Readies a ‘More Nimble’ CWT

CWT last month announced a new operational structure centered around three main units, with an aim to be “leaner” and “more nimble,” CEO Kurt Ekert said in an interview last month. The travel management company last month also completed a capital raise and debt exchange (which Fitch called a “distressed debt exchange”), and which, Ekert said, gives CWT a “solid and secure financial base.” Meanwhile, the TMC is working to address the near-term, pandemic-related demands of clients—by delivering traveler- and manager-facing data tools as well as more finely tuned policy management systems—while investing for the long term. “We’re in a market that’s going to be smaller for some period of time,” Ekert said. “At some point in the future, it’s once again going to be a dynamic and strong sector. We’ve spent the shutdown period recalibrating and thinking about what will determine who wins in the long term in the industry.” Still, he added: “It’s clear that first you have to weather the pandemic.” Ekert spoke with The Beat editor-in-chief Jay Boehmer. Excerpts, edited for clarity and length, follow.

### HELP ME UNDERSTAND YOUR DEBT EXCHANGE AND CAPITAL RAISE.

I think for everybody in the travel industry, as you went into a world where governments effectively shut down the industry—and even now, seven months into it, volumes are still quite low relative to traditional norms—one of the keys is, you need to make sure you have a healthy enough balance sheet to weather the Covid storm. We went out and had significant conversations with our shareholders, that’s the Carlson family, as well as our banks and our bondholders, and we raised \$250 million of additional capital. Half of that was contributed by our shareholders and half was contributed by the bondholders. That provided a very strong liquidity path through Covid. That’s to make sure we continue to operate the business, meet our commitments and continue to invest in key technologies.

### HOW COMFORTABLE ARE YOU WITH YOUR RUNWAY NOW? THE SUM IS LARGE, BUT I’D IMAGINE SO IS CASH BURN FOR A TRAVEL COMPANY. HAVE YOU DONE THE MATH ON, ‘WE’RE COMFORTABLE FOR THIS AMOUNT OF TIME?’

What’s very difficult in the market that we’re in is to project with any precision the pace and the length of recovery. What is clear is that it’s going to be a long, slow recovery, especially in corporate travel. My thesis is there’s some reliance on a vaccine at a point in time, so we have taken a number of actions to reduce our operating spend given the obvious impact on transactions and revenue that



CWT CEO Kurt Ekert discusses:

- CWT’s new operational structure
- Clients’ needs amid Covid-19
- CWT’s plans for China

the pandemic has had on all travel companies. We have great support from our investors, and we do rely upon a recovery at a point in time. No one can operate at the levels corporate travel sees itself in now for perpetuity, but we believe our financial position is secure, and we feel quite good about the future and being able to weather the storm.

### CAN YOU UPDATE ME ON THE STATE OF THE WORKFORCE? ARE YOU AT THE POINT WHERE YOU’VE HAD TO MAKE MORE PERMANENT CUTS?

A couple components. One is that we saw an opportunity with Covid to reshape the organization a bit to become more nimble, more fit for purpose and more flexible versus what we were before. The formation of the three operating units is really to enable us to make decisions quickly, to operate at scale without walls between different functions or different parts of the organization. A great example of this is combining our [traveler experience] or operations function with our customer organization [which includes sales] under Niklas Andréen. Those are two organizations where there’s a natural tension between delivery of service and then how we manage and cultivate our client relationships. That’s now brought under one executive, with one team, and I think there’s a natural operating and delivery symbiosis that we’ll realize because of that.

As you look at it more from a spend perspective and the need to become leaner and more efficient in light of Covid, the bulk of what we’ve done to date has been temporary in nature, so that’s through furloughs and pay reductions in many parts of the world. In fact, those continue and will continue depending on the country for a period of time.

We also went out recently with three voluntary programs: one was for people in operating-type positions to convert from full-time to part-time; second is the opportunity for people to take leaves of absence for a period of time; three was for people who voluntarily wanted to sign up to leave the company.

We had strong uptake on all three of those. The first of those, which is conversion to part-time, really creates more flexibility in our workforce. It helps us better meet what is a very uncertain rise in demand over the next 12 to 15 months.

Then we’ve done only one very small—less than 1 percent of our workforce—targeted reduction in force aimed primarily at management. And that was really around looking at spans of control and looking at how we operate more efficiently and effectively across the world. To date, almost everything we’ve done has been on a voluntary or a temporary basis. The challenge is reducing the operating spend in light of a much slimmer volume environment but also trying to protect and retain our people and their skillsets and talents given that they are the No. 1 asset we have as a company.

### WHAT ARE CORPORATE ACCOUNTS ASKING FOR NOW? WHAT ARE THEIR TOP DEMANDS OF A TMC?

The No. 1 demand of CPOs or travel managers pre-Covid was the safety, security, health and welfare of their travelers. That’s gone up exponentially as the No. 1 thing on everyone’s radar. You now have chief executives and [chief human resources officers] who are acutely interested in travel. It is

**The Beat**

no longer a commodity function, but it's really a human capital function run by procurement. If you think about that, the data and the ability to handle traveler welfare and traveler productivity is even more important today than it was yesterday. The ability to deliver a data solution at scale that tells people what they need in planning and even more so in transit and enable real-time knowledge of where people are so there can be communication back and forth, etc.—those sorts of things are mandates today.

The other thing is, the idea of buying against a world where you have no idea what's going to happen with fares, whether it's hotel or airfares, I think that corporations are looking even more at TMC partners to help them optimize those buying and negotiating decisions, but then to have the technology to allow what they've bought to compete against what's out there in the market, whether it's what we've procured or what we can integrate, so it is optimized to get the best price or the best buy every time they purchase travel.

When you negotiate your price at a point of time, the way fares are going to work in this market, that may not carry the day in a world where pricing arbitrage is rampant among hoteliers and airlines. So, the optimization of buying and the optimization of point-of-sale decisions is even more important now than it was in a more static, readily forecastable world.

#### **IS THERE A LOT OF CORPORATE BIDDING ACTIVITY GOING ON NOW FOR TMCs?**

In each of the three years preceding Covid, we realized new client wins of \$1.8 billion in turnover per year or more. We were having banner years implementing new business. We certainly saw the pace of bids decelerate in the first six or seven months of this year. People were focused on, 'We need to repatriate travelers; we need to cancel and rebook flights,' etc. We've seen that activity begin to return toward normalcy in recent months. I can tell you anecdotally our client-retention rates are well above 97 percent, and we're winning business at a pretty good clip. But if you look at it on a whole year, there will have been less business bid this year than in each of the previous three years, just because of the uncertainty around Covid.

#### **TMC PRICING HAS BEEN A HOT TOPIC. HOW DOES THE MODEL EVOLVE?**

I've been with CWT now for four-and-a-half years, so I walked into the midst of a very long-term trend where what you were seeing was the commoditization of client-facing pricing and client-facing revenues. You had what we called management-fee pricing traditionally, which was where you basically pay a cost-plus arrangement for staff and services we provide. Then it really moved away and was replaced by transaction-fee pricing, and so we still had, walking into Covid, a decent part of our client portfolio that was [using] a management-fee or a hybrid approach. But the majority of clients were on transaction-fee pricing.

The challenge there is, you're being paid for the transaction and not the activity. In Covid, the activity has picked up—for example, people making in-

**“We need to make sure we articulate and reflect our value, and we have more balance in the business than we had traditionally. I think you'll see that change substantially in the coming year.”**

quiries but not necessarily bookings. The question is not client pricing, but is there a way to change the commodity dynamic between buyers and TMCs and basically articulate our value proposition and move to a more blended or balanced approach? We've been out there for the last six months talking and working with a number of clients on moving back to a subscription model or having a hybrid approach that reflects the value we provide. Will the commoditization of client fees by TMCs begin to go the other way and U-shape? Not necessarily, but I think you're going to see that decline flatten out, and you'll see the nature of the risk/reward nature of the client and the TMC change.

Others have been out and talked about that more actively. I'd simply say we need to make sure we articulate and reflect our value, and we have more balance in the business than we had traditionally. I think you'll see that change substantially in the coming year. What you can't do is unilaterally walk into a client and say, 'Here's your new pricing.' It's governed by bilateral b-to-b relationships, so any change there will probably take several years to take hold.

#### **HOW ARE YOUR CHINA PLANS, ANNOUNCED EARLIER THIS YEAR, MATERIALIZING?**

China is one of the highlights in our portfolio. We released our new platform in China in January this year—maybe our timing wasn't that great. Traditionally, we had served Western corporations operating in China with our Chinese business. What this enables us to do is go after and win China-based companies, state-sponsored companies, etc.—for example, we won Alibaba in China, and Alibaba and other customers that we've won are trading at an incredible level. The recovery in China is acutely different than anywhere else in the world for us, and that's partly based on new business we've onboarded and partly based on a very strong domestic return of business travel. International is still somewhat depressed, but we're seeing that platform, which fully integrates RoomIt and includes unique hotel content, sits on the TravelSky GDS and incorporates Chinese pay capabilities such as Alipay and WeChat, is mobile-first but is also browser- and counselor-facing, as really a winning formula. We've bet big on China, we feel we're very well positioned there and we're really excited for what that market can be for us and for our clients.

#### **CWT SUFFERED A CYBERATTACK THIS SUMMER. HAVE YOU CLOSED YOUR INVESTIGATION? WHAT WERE THE FINDINGS?**

We're sadly not the first and highly unlikely to be the last to attract unwarranted hostility like this. We have weathered it, and we're not going to comment beyond that.

#### **IS THIS MOMENT AN OPENING TO PARTICIPATE IN M&A, EITHER AS A SELLER OR ACQUIRER?**

As a matter of policy we don't speculate on potential M&A. I think the market more generally will consolidate, and we're very comfortable and confident in our market position. We're also interested in getting better and stronger, but as a matter of policy we don't comment on M&A. ■



## Judge Rules In Wex's Favor On 'Central' Preliminary Issue In eNett Acquisition Litigation

BY AMON COHEN

A U.K. court has sided with payments company Wex on the key preliminary issue in ongoing litigation over its planned back-out of a January agreement to buy eNett and Optal for \$1.7 billion.

eNett is majority-owned by Travelport, which along with other owners of both eNett and Optal sued Wex for its move in May to walk away from the deal. Wex cited impacts from the coronavirus as a "material adverse effect" on the businesses it was about to buy.

Pandemics are listed in the agreement as one of a series of carve-outs that cannot be cited as an MAE, but there is an exception to the carve-out if the adverse effect "has a disproportionate effect" on eNett and Optal "compared to other participants in the industries" in which they operate.

The two sides disputed which industries should be taken as a point of comparison. Wex argued for the "business-to-business payments industry," including such companies as American Express and Citi. The owners of eNett and Optal claimed the valid comparison would be the travel payments industry, consisting of Ixaris, AirPlus International, Amadeus Payments and Wex's own travel payments activities.



Wex CEO Melissa Smith

### The Beat

In an Oct. 12 decision, Judge Sara Cockerill described this question as the "central dispute" and ruled that "for the purpose of the definition of the MAE clause the relevant industry is the B2B payments industry." She determined that there is no defined travel payments industry, "nor an established set of participants in that sphere of operations or the wider travel payments market."

However, the judge did find in favor of eNett and Optal that an adverse effect caused by "changes in law," which eNett and Optal argue includes a government lockdown or quarantine, cannot be relied upon to establish that an MAE has occurred.

eNett and Optal indicated they will seek permission to appeal the judgment on the relevant industry for their competitive set, adding that the court "has yet to make a ruling on the ultimate issue, whether the effect of the pandemic on eNett and Optal constitutes [an MAE]. Wex bears the burden of proof" that eNett and Optal have been disproportionately affected in comparison with the B2B payments industry. The statement added that "at trial, Wex will not be permitted to rely on any impact on travel that occurred in connection with changes in law or regulation."

A Travelport source said: "There is still a lot more of this case to be heard. Wex has no green light to walk away from the deal."

Wex chair and CEO Melissa Smith in a statement said that "we are very pleased with the court's positive ruling in our favor," and added that Wex believes the ruling supports its determination that eNett and Optal "have been disproportionately impacted by Covid-19 and Wex is not required to close the transaction."

The judge heard the preliminary issues on an expedited basis so final adjudication can be made before the purchase agreement effectively lapses on Oct. 27. Applications for appeal of Monday's decision need to be lodged within seven days. ■

## Amex GBT Buys 30SecondsToFly

BY ELIZABETH WEST

Artificial intelligence-driven chatbot provider 30SecondsToFly is now part of American Express Global Business Travel, after the mega travel management company closed the deal this month for an undisclosed amount.

30SecondsToFly had pivoted several times in its search of a niche in corporate travel. It first targeted direct relationships with corporates, providing an AI-driven mobile booking tool it called Claire, supported by agency fulfillment partners like Adelman Travel. While it gained some traction in that space, the

company found more appetite in travel management partners. It hooked Claire up to Flight Center Group's Sam mobile app as a booking technology. It also found an investor there, with FCM taking a 10 percent stake in the company in 2019 after a smaller investment two years prior.

30STF ultimately shifted its focus to TMC partnerships. It aimed to provide an AI-enhanced platform for agents through which TMCs could increase productivity and offer a new service channel for their clients. Adelman and

FCM were both on board.

GBT seems to be looking for all of the above with the purchase. According GBT director of new business ventures Gabriel Ayache, "30SecondsToFly has developed a ground-breaking experience for both travelers and travel counselors that will optimize the GBT service experience and enhance our messaging capabilities."

GBT will bring on 30SecondsToFly's AI developers as part of the acquisition. CEO Riccardo Vittoria will also transition to GBT. He said the company is "very proud to help drive [intelligent chat] at scale for GBT."

The agency said new capabilities will be fully integrated "in the coming months."

Whether Amex GBT will continue to support 30STF's other TMC clients is a question the company has not yet sorted. BTN portfolio mate The Beat reported that the company still is considering its strategy in that regard. ■

# TripActions Adds Expense Management to Liquid Platform

TripActions has become the latest provider to bring expense management and payment products under one roof, adding in-house expense management functionality to its Liquid payment card.

First launched in February, the Liquid platform features physical and virtual Visa-branded credit cards that can be used to book travel via TripActions' and other booking tools, and to make in-trip payment at brick-and-mortar merchants, such as restaurants, with managers able to set trip budgets and other spending parameters. Previously, approved purchases made via Liquid were sent to whichever third-party expense management system the client company used. Now, the entire process can be completed within the Liquid platform, which has added "full expense management capability" according to TripActions.

"The innovation we've built out over the past several months is the ability to completely replace your expense management system," said TripActions Liquid general manager Michael Sindicich.

Combining a payment tool with expense management and reporting functions within Liquid helps give companies clearer visibility into corporate spending that is becoming more distributed across a given organization—with employees increasingly making a wider range of purchasing decisions, including travel booking, Software as a Service subscriptions, advertising and other expenses, according to Sindicich. Already a rising trend, such decentralized spending pat-

**"The innovation we've built out over the past several months is the ability to completely replace your expense management system."**

—TRIPACTIONS'  
MICHAEL SINDICICH

terns have been "vastly accelerated" by the Covid-19 pandemic and attendant rise of the work-from-home ecosystem, which has given workers more purchasing autonomy, he noted.

Legacy infrastructure, which often takes the form of a patchwork of different corporate cards, P-cards, procurement systems and expense management tools, is ill-suited to serve this modern corporate spending paradigm, and "really burdens," employees, managers and accounting teams, Sindicich said.

But while Covid has in many ways increased the value proposition of an all-in-one payment and expense system, the plan to add expense functionality was in the works before the pandemic took hold, according to Sindicich, who said that TripActions clients long had requested that the company add in-house expense management functionality.

"Nothing on our roadmap got edited [by Covid]; it got accelerated," Sindicich said—adding that the ability for companies to implement quickly and enforce Covid-related spending restrictions—such as not allowing lunches to be expensed for work-from-home employees—necessitates a payment tool that is directly linked to policy management and expense reporting.

"Unless you're controlling [spend] through the payment method, you don't get that visibility in real time; you have to wait until the employees submit those expenses weeks or months later," Sindicich said of unapproved expenses.

TripActions, which recently rolled out a new enterprise version of its platform for larger clients, is not shy about its plans to challenge the dominance of corporate card providers such as American Express, and expense management providers like Concur in that segment.

"We actually see this as mostly for the enterprise and midmarket segment," Sindicich said of Liquid, noting that the company already counts several Fortune 500 companies, along with major midmarket firms like Lyft and Zoom, among clients using the platform. "So this ties in well with our enterprise strategy." ■

## U.S. Bank Virtual Card Comes to TravelBank, Concur

SAP Concur Expense has integrated U.S. Bank's Instant Card virtual card, enabling cards to be issued instantly to users' mobile wallets, with subsequent purchases made via the cards flowing directly into Concur's expense management and reporting system, the companies announced this month. The move came a few weeks after TravelBank announced it would offer U.S. Bank-issued virtual cards through its platform.

For TravelBank, adding the Instant Card was intended to serve its core client base of smaller companies, which includes many businesses that don't have a traditional corporate card program.

But for Concur, which counts major enterprise-level organizations among its clients, adding the card addresses specific spending use-cases, such as client and contractor spending, and employees who travel too infrequently to be

issued a permanent corporate card. Other potential uses include an employer sending funds to an employee who is stranded while traveling or a property management company issuing a virtual card to a contractor making unanticipated repairs on a property, Concur said.

Meanwhile, the increased emphasis on hygiene and safety in a Covid-19 world has increased the value proposition of virtual cards stored in mobile wallets, which can be used to make touchless payments via Near Field Communication technology. That capability could prove essential to corporate travel's recovery, according to many observers.

"Mobile wallets are key for travel resumption, and the use of this technology is going to continue to rise, including in the hospitality industry for checking in to hotels," said Duke

Chung, co-founder and CEO of TravelBank.

The virtual card—dubbed U.S. Bank Instant Card—is available under Visa network branding now, with a Mastercard version coming later this year, according to U.S. Bank. TravelBank is the launch partner for the Instant Card, but the bank said it is exploring additional distribution opportunities.

The U.S. Bank partnership is the latest in a string of recent moves by TravelBank, which in August kicked off a new TMC distribution channel strategy with the announcement of a gray-label booking and expense management tool built for World Travel, Inc. using TravelBank's technology platform. And in July, the company began offering its expense management services through the platform of unmanaged and lightly managed corporate travel booking specialist Upside Business Travel, the first step in a planned strategic partnership between the companies.

TravelBank's Chung said the spate of deal-making isn't part of any concerted business strategy beyond furthering the company's overall mission and value proposition.

"The string of partnerships we've announced have all made sense on their own," Chung said. "Our priority has always been powering all-in-one experiences that align with a smooth travel journey and empower businesses to manage expenses." ■

# CTM, T&T Deal Could Herald Further Moves

our hand,” O’Malley continued. “It doesn’t mean we have to sell the company. We’ll only do that if we decide it’s the right thing to do. And so we entered into conversations with CTM, and the further we got into conversations with CTM, the more it became clear to us that this was going to very likely be the right path.”

It’s a conversation that other TMCs may well be having. In the United States, signs of business travel volume recovery are few and far between; air tickets sold during the week ending Oct. 18 were down more than 85 percent year over year, according to Airlines Reporting Corp. And though some TMCs have been able to secure loans and other financial support from the U.S. government and other sources, the length of the pandemic and the absence of signs of immediate recovery could cause some to seek alternatives.

“This was inevitable,” Goldspring Consulting partner Will Tate said in an email to BTN of the TMC consolidation. “Revenue collapsing, little to no transactions and companies’ uncertainty as to ‘back to travel’ all but guaranteed industry consolidation. We do expect much more of this, although most likely for the small to midsize TMCs.”

Partnership Travel Consulting founder and CEO Andy Menkes added in an email to BTN that not only was more industry consolidation all but guaranteed but also could involve players from outside the industry.

“It’s fairly easy to predict that we will see further consolidation as a result of Covid-19, and it will impact virtually all of the major verticals, from [meeting and event] specialists to regional TMCs and hotel properties,” according to Menkes. “As to the TMC model, it’s an unfortunate good bet that we will see further consolidation either as a result of mergers or true acquisition. I would not be surprised to see some non-TMC player find the funding to get into the managed travel space, as the long tail will always be there. It’s just a matter of time and patience.”

Deborah Potts, director at U.K.-based business growth, mergers and acquisitions specialist Summit Advisory, said the CTM-T&T deal was “pretty dramatic” but “makes total strategic sense when you are a highly ambitious business like CTM”.

“Overnight, you increase your customer base, buying power and can consolidate costs.”

And will we see this sort of activity now pick up pace in the current environment? “The short answer is: yes,” said Potts, who added that, pre-Covid, “consolidation was already the name of the game, particularly here in the U.K.”

The U.K. market already had shrunk in recent years, with Clarity acquiring Ian Allan Travel and Portman, Reed & Mackay buying Hillgate and Business Travel Direct, Gray Dawes picking up several TMCs including Amber Road and Giles Travel and,

**“One of the reasons that CTM has been more successful than maybe some other TMCs during this Covid period is that we’ve had a great diversification of client type. A lot of our clients are in those essential businesses, whether they be healthcare, food, service, government, et cetera.”**

—CTM’S MAUREEN BRADY

indeed, Statesman Travel being purchased by Travel and Transport.

“The crisis caused a definite pause in M&A activity as everyone focused on the impact on their own client base and had to adapt internally,” said Potts. “However, there are, arguably, now more reasons than ever to look at mergers or acquisitions as part of a board’s strategy for future success.”

Potts believes TMCs whose profits already were being negatively impacted by Brexit and those struggling to keep up with fast-evolving technology are among those ripe for acquisition.

“Plus, I expect the current crisis to bring forward retirement plans for others as owners realize they are facing probably years rather than months for a full recovery, if ever. No matter how strong your cash reserves or ‘pension pot’ is—as many owners view them—no one likes to see these reserves being diminished.”

Still, the acquisition of Travel and Transport was primarily about building CTM’s footprint in North America.

“It gives CTM a really strong U.S. network with interesting U.S.-headquartered clients. They also get DVI, a data visualization platform, and the Radius network too,” said Chris Crowley, partner at consultancy Nina & Pinta.

“It’s a significant move in the market—a typical venture capitalist move. They’ve seen an opportunity and moved on it, and it won’t be the last in the industry. With the kind of economy we’re in right now, I imagine there will be more coming along in the next three to nine months.”

Crowley continued: “Every major TMC is looking to do two things: improve their cash liquidity and streamline their fixed assets structure. Some are doing it better than others, and for some it’s harder than others. The privately owned or venture capital funded businesses where the private finance is solid ... they’re the ones that look best equipped to handle the next 12 months.”

In fact, both O’Malley and current CTM North America CEO and COO Maureen Brady, who will serve as CTM North America COO after the acquisition closes, pointed to CTM’s financial strength and relatively sturdy performance amid the pandemic as a key aspect of the deal. Pherous in August told investors that CTM’s summertime booking activity and cash burn rate were better than the company had projected in May.

“One of the reasons that CTM has been more successful than maybe some other TMCs during this Covid period is that we’ve had a great diversification of client type,” Brady told BTN. “A lot of our clients are in those essential businesses, whether they be healthcare, food, service, government, et cetera. Travel and Transport also has great diversification. We did some mapping overlap and found that it’s quite complementary geographically and by professional sectors.”

## A New Player

Much of the detail of the process of integrating Travel and Transport into CTM both from the perspective of their service and product offerings and consolidating their back-office processes has yet to be determined, O’Malley said, adding that those discussions are occurring now.

“We’ve had some preliminary conversations, but

we'll really get busy in earnest here in the coming few weeks to figure out from a tech perspective what we want to do and how we combine the best of what CTM has and what T&T has," O'Malley said. "So that one's a little bit, 'more to come,' but I think the more to come will come pretty quickly."

One CTM technology offering that Travel and Transport clients will have access to is its proprietary Lightning booking tool; T&T has not developed a booking tool of its own.

"They've been able to get pretty wide-scale acceptance across their client base on Lightning," O'Malley said. "It's been very well-received in the market. So we'll still have clients that choose to use other online booking tools, but having Lightning as a really good viable option was really appealing to us."

The speed and effectiveness of Travel and Transport's integration into CTM will go a long way to establishing the combined TMC's role in the global marketplace, according to Goldspring's Tate.

"Buyers realize many benefits from this: innovation, process efficiency, continual talent improvements and pricing competitiveness," Tate said. "As always, the speed to global consistency, adoption of common practices, platform integrations and technology alignment remains the true measure towards global capabilities."

## Assessing Radius

A key component of the global aspect of the deal is Travel and Transport's ownership of the Radius

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—PARTNERSHIP TRAVEL CONSULTING'S ANDY MENKES

global network of more than 100 travel agencies that provide corporate travel and meetings management throughout the world. PTC's Menkes suggested that unifying that network with CTM would enable the merged company to compete more effectively on a global scale.

"This is an example of one plus one equals three," according to Menkes. "Whereas CTM had ownership in a number of key markets outside the U.S., the Radius network gives them the ability to expand their global footprint. For T&T, their Radius network had some competitive disadvantage against the four truly global TMCs, so this allows the combined entity to get closer to parity as it relates to global location ownership. The key will be how they can standardize their service-level agreements and optimize the quality of the global data that they will consolidate on behalf of the combined entities."

O'Malley said the precise details of the Radius integration remained in development but added CTM would retain the Radius name.

"We'll spend some time looking at how to optimize and maximize what we're doing between the CTM global network and Radius, but Radius will still be here," O'Malley said. "The Radius hotel program, which already [is] a very strong hotel program, will be further enhanced by a lot of what CTM will bring to bear as well. CTM is one of the biggest distributors of wholesale rates in Asia. And that will be a big add to the program that will benefit our customers and our members and Radius." ■

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## Adapting Technology for the New Normal

BY VALERIE LAYMAN

The impact of the Covid-19 pandemic on corporate travel has been seismic, to say the least. The landscape has shifted suddenly and the ecosystem—more fragile than anyone anticipated—has been severely disrupted. Business travel and procurement professionals have been tasked with finding better ways to manage travel and expenses, and they are finding their footing with new best practices.

### Unused Airline Tickets and Hotel Reservations.

Covid -19 precipitated a need for deeper visibility into corporate travel spend, requiring travel managers to narrow in on out-of-policy spend, unused tickets and reservations modifications. Unused tickets and uncanceled hotel reservations, in particular, cause significant financial burdens on companies trying to control costs. Travel and procurement executives have turned to TMCs, booking tools, and price-assurance solutions to surface unused travel credit data, not only for their own reporting purposes but also for the traveler at the time of booking. They're also relying on technology providers to accept and process different forms of travel credit (such as UATP cards), which have been on the rise as travel vendors continue to issue them for canceled bookings.

### Emerging Payment Tech.

Travel managers also are adopting emerging payments technology. Hotels, retailers and restaurants everywhere now are supporting touchless payment technologies, such as QR codes and NFC-powered mobile wallets (e.g. Apple Pay and Google Pay). Regardless of the pandemic, today's travel programs must be equipped to ingest and reconcile all these emerging payment types. Linking virtual cards directly to a corporate ledger and mobile wallets, for example, not only allows companies to assert greater spend control, but also encourages travelers to practice contactless behavior. This type of capability will continue to emerge in the weeks and months ahead as the adoption of contactless payments continues to grow and corporate travel slowly returns.

### Mobile Travel Safety and Advice.

Meanwhile, the need for clear traveler communication and tracking has also been escalated to the forefront. More companies are now using mobile journey notifications to give travelers important information as they travel during the pandemic and to remind them about company policies or trip budgets. These notifica-



Valerie Layman is the vice president of product management at Coupa Software.

**“Out of all the upheaval and chaos brought on by the pandemic, a more interconnected and intelligent industry will rise.”**

tions afford travelers valuable peace of mind while traveling, and also play an important role in controlling costs and strengthening policy.

**Progressive Travel Policies.** As corporate travel volumes slowly return to pre-pandemic levels, demand for a modern travel experience at work will heighten. Corporate travel managers are moving away from the traditional “set and done” approach to enforcing booking policy. Instead, they are now relying on data and analytics to facilitate more relevant, real-time policy adjustments which in turn drives compliance. A main driver behind this shift is the new profile of the modern corporate traveler: Millennials. They make up a larger portion of workers than ever before and are rising to management levels within their organizations. It's well documented that this group of travelers have little patience or use for archaic, dated workplace technologies.

**New Data Nets.** Some travel managers are starting to utilize booking content aggregator solutions to allow travelers to book however they wish, while still maintaining full oversight of bookings. This important travel data can then be used to communicate with travelers about key topics, such as the importance of following policy, the value of negotiated rates and more.

**Pre-Trip Approval.** Another important characteristic of the Millennial workforce is their predisposition for independence and employer trust. These are critical traits for travel managers to recognize and understand as part of their acclimation to the new normal. While independence and trust are great for productivity and morale, it doesn't always translate to appropriate booking behaviors or policy compliance. Consequently, pre-trip approvals have re-emerged as travel managers attempt to understand traveler needs and control costs prior to expenses being incurred. During a pandemic that has left few industries unscathed—and has seriously strained travel budgets—imagine the ability to ensure all departments and travelers are adhering to cost cuts by automatically tying budgets to pre-trip approvals and expenses. It's a silver lining to a dark cloud.

### Better Than Before

Every travel dollar will be more heavily scrutinized as companies emerge from travel hibernation. Travel managers will look for new ways to gain comprehensive visibility and tighter control on spend, whether from travel budgeting, sourcing, expenses and beyond.

When business travel does return (and it will!), it will be better managed than ever before. Out of all the upheaval and chaos brought on by the pandemic, a more interconnected and intelligent industry will rise. So while things may be bleak at the moment, this is not the end of the world, but rather the early beginnings of a travel management renaissance. ■

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