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BUSINESS TRAVEL NEWS



DISTRIBUTION

Serko CEO Darrin Grafton sets a course for the New Zealand-based travel booking tech firm to target large global accounts.

PAGE 13



LODGING

Airbnb CEO Brian Chesky bets on a future in which business travel comes back, but not in the same fashion as before the pandemic.

PAGE 14



PAYMENT

The United Kingdom once again delays the implementation of Strong Customer Authentication payment standards, this time until 2022.

PAGE 17

TOP STORY



BY CHRIS DAVIS & ELIZABETH WEST

A New Hope?

A 'PHENOMENAL' LEISURE REBOUND IS TAKING HOLD. IS BUSINESS TRAVEL NEXT?

As vaccinations continue and the number of new Covid-19 cases drops throughout the United States, most of Europe and many other parts of the world, industry optimism has peaked that the worst of the pandemic is past and a return to business travel is, if not imminent, then at least feasible. With the United States all but declaring the pandemic over for those vaccinated and the European Union working to again open its borders to international travel, suppliers are beginning to see the contours of a business travel comeback taking shape, but for now, all eyes are on leisure travel.

The comeback of U.S. domestic leisure travel is “nothing short of phenomenal,” U.S. Travel Association president and CEO Roger Dow said last month. Several travel suppliers have adjusted their expectations upward amid the

CONTINUED ON PAGE 18

Cos. Could Struggle for Last-Minute Car Rentals

BY DAWIT HABTEMARIAM

The beginning of the recovery of demand in the car rental industry after the Covid-19 pandemic has sparked one consequence for business travelers: a lack of availability for shorter, last-minute rentals, a result of changing travel patterns, car rental revenue management strategies and, in some areas, a rental car shortage.

“That’s so frustrating for corporate clients, especially our field teams that truly only need a one-day rental,” said one commenter during a session at last month’s Business Travel Show America virtual conference, which was staged by The BTN Group.

As reported by BTN in February, a combination of forces has converged to test industry fleet levels: After several car rental companies sold off fleet amid

plummeting demand during the Covid-19 pandemic, a global semiconductor shortage—a critical component for automobile manufacturing—threatened to delay vehicle deliveries as car rental companies looked to re-fleet for rising demand as global industries recovered. Such a delay would come as car rental suppliers were operating on reduced revenue and looking to rev up both rental volumes and margins.

So far, however, car rental suppliers have received their deliveries, according to senior industry executives. “The deliveries we have expected, for the most part, we have seen,” said Avis Budget Group CEO and president Joe Ferraro, speaking during Business Travel Show

CONTINUED ON PAGE 10

What’s Inside

3 ON THE HORIZON

- Qantas will cut int’l ticket base commissions in ‘22

8 GROUND TRANSPORTATION

- Buyers discuss critical car rental issues

11 MANAGEMENT

- Survey: Buyers want TMC service model changes
- Shell, Amex GBT to collaborate on air biofuel

12 GLOBAL

- New GlobalStar CEO targets key markets
- JetBlue details new transatlantic service

14 LODGING

- Best Western eyes 2022 for business travel return

15 PROCUREMENT

- Hertz prepares to exit Chapter 11 bankruptcy
- STR upgrades its lodging forecast for 2021, beyond

16 TRANSPORTATION

- Delta tops J.D. Power’s airline study

4 | On the Record

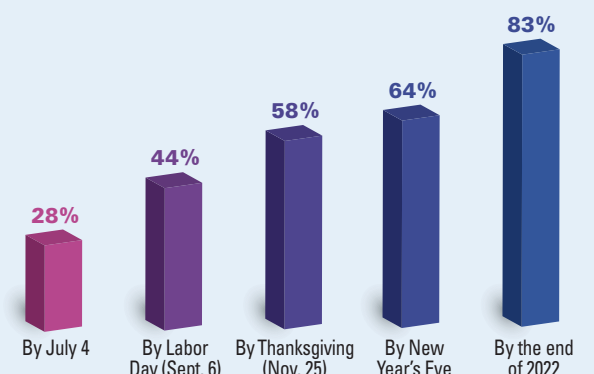


Global procurement manager of meetings **Andrew Carne** details BP’s emission-reduction tools for events.

“Putting carbon-reduction initiatives front and center can really drive and influence behaviors. It does start with everybody’s behavior. I don’t think it needs to be big and scary.”

6 | Data Hub

When U.S. Business Travelers Expect Their Next Business Trip



Source: A PwC April 2021 survey of 396 U.S. business travelers

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TravelProcurement

The Beat



Qantas to Cut Agency Base Commissions on International Tickets

BY JAY BOEHMER



In its ongoing drive to cut costs, Qantas next year will cut front-end base commissions paid to travel agencies at the Australia point of sale to 1 percent from 5 percent, according to the carrier. Qantas said the new commission structure would take effect July 1, 2022, “giving time for the industry to adapt.”

The carrier does not pay base commissions for Australian domestic fares or for tickets on flights to or from New Zealand, according to its website.

For now, Qantas’ international network largely is at a standstill, with exceptions that include flights operated within the quarantine-free travel bubble with New Zealand. The carrier last month stated plans to resume a “significant level” of international flights in late December, pushed back from an earlier target for late October.

“This is in line with the Australian government’s revised timeline for effective completion of the national Covid-19 vaccination program, and the Qantas Group is optimistic that the opportunities for additional travel bubbles with other countries will increase significantly from that point,” according to the carrier’s May 20 announcement. “We will continue to liaise with the Australian Government and adjust our planning assumptions as necessary.”

As it confronts Covid’s headwinds, Qantas has targeted “at least A\$1 billion in annual cost reduction by FY23,” and said A\$600 million in cost savings would be achieved this fiscal year, which ends June 30. Rejiggered agency economics are part of the plan.

In a memo to agencies sent last month, Qantas executive manager of global sales and distribution Igor Kwiatkowski confirmed that base commissions for eligible international fares from the

Australian point of sale would move down to 1 percent next year.

“This is the first time Qantas has adjusted commission on international fares in more than 15 years and comes as we navigate through the most challenging crisis in our 100-year history,” Kwiatkowski wrote. “Given the billions of dollars of extra debt and lost revenue accumulated due to Covid, cost reductions are central to our recovery plan.”

In addition to its newly announced international commission structure, Qantas in December announced work on new bilateral arrangements with travel agencies “to reduce its selling costs while also creating better selling opportunities for these important partners.” At that time, Qantas stated that “new multi-year agreements have so far been finalized with 10 of the top 12 agencies.”

Kwiatkowski’s memo noted that Qantas’ planned changes to international base commissions “are in line with global trends with many travel agents overseas and across Australia already having moved to a ‘fee for service’ model. Agents deserve to be remunerated by their customers for the added value, exceptional knowledge and bespoke service they provide in managing international travel, and a service fee is a logical way to do that.”

Kwiatkowski indicated Qantas would continue to invest in its Qantas Distribution Platform, the carrier’s branding for its application programming interface connection that aligns with the New Distribution Capability standard. Pre-Covid, the carrier had introduced a US\$12.50 per-segment surcharge on GDS bookings and offered a private channel-type framework to spur agency NDC adoption to avoid the surcharge.

“We remain committed to investing in new technology modernizing the way agencies can sell and service their bookings through the Qantas Distribution Platform,” according to Kwiatkowski’s memo. “This will create new revenue opportunities for agents that are currently not available through the traditional booking systems.”

The Australian Federation of Travel Agents, which represents Australian retail travel agents, in a statement signaled “disappointment in Qantas’ decision,” calling it “another unwelcome blow” that would put “Australia’s travel agents and businesses in a very difficult position.”

AFTA “has made strong representations to Qantas on the pressing need to maintain the status quo given travel agents’ primary revenue reliance on international travel and the reality that international travel is unlikely to normalize before mid-2022 at the earliest.”

AFTA asked Qantas to work with the trade “to minimize the impact including through optimizing agent benefits on QDP.”

Kwiatkowski’s memo noted: “We know our travel agency partners have also been hit hard by Covid. The crisis has driven a lot of permanent change in how airlines do business and that’s clearly going to extend to agents as well. That’s why we’re providing more than 12 months’ notice and we’ll be working closely with the travel agent community as they adapt their own business models and support their recovery.” ■

The Australian Federation of Travel Agents in a statement signaled “disappointment in Qantas’ decision,” calling it “another unwelcome blow.”

The Beat



BP Develops Free Meetings Carbon-Reduction Tools

Energy and petroleum company BP, through its procurement department and its BP Target Neutral sustainability division, has updated its carbon-emissions calculator for events and created a low-carbon toolkit, each of which are free for any meeting organizer to use. BTN senior editor Donna M. Airoidi in late April spoke with BP global procurement manager of meetings, events and collaboration Andrew Carne about the tools. An edited transcript follows.

HOW DID YOUR DEPARTMENT COME TOGETHER WITH BP TARGET NEUTRAL TO CREATE THE CARBON CALCULATOR AND EVENT TOOLKIT?

We started offsetting all of our business travel air, getting all the data from our travel agency. For my area of meetings and events, we don't always have that data quite so readily available. Having seen that the [Target Neutral] team had offset things like our sponsorship of the Paralympics, it was a meeting of the minds. We said that we needed a toolkit that goes beyond just a calculator. It's more of a toolkit that enables all event planners to have something that is hopefully easy to use and apply some science to it. ... With offsetting sometimes, there is some rough estimation involved, though we try to rule that out. We realized that [for] the offsetting part, there's advice we can give to make sure [events are] low carbon in the first place. We don't want to just rely on offsetting.

IT'S INTERESTING THAT ANYONE CAN USE THE TOOLS AND WORK WITH BP TARGET NEUTRAL, WHICH PROVIDES CARBON CREDITS AT COST.

Absolutely. We have folks inside BP who predominantly use it, of course, because it's BP tagged. But absolutely, it's all there, all the details with the carbon that you buy, and effectively where that goes, to the projects that we work with. This is something that can hopefully enable many others. We don't profit from it. It's just doing good.

THE THRUST IS TO REDUCE CARBON WHERE YOU CAN, AND WHERE YOU CAN'T, OFFSET, YES?

That's it, definitely. You've got the calculator, which would calculate what your carbon number is at the end. But then the next step would hopefully be to pay for that offset through the tool. They have projects around the world which can do everything from making sure we have more efficient stoves in one part of the world to a more sustainable farming project in another part. Some people want to choose which part of the world their money might go toward, but at the moment that's very limited. Generally speaking, we'd rather make sure that everybody's getting a



BP's Andrew Carne talks:

- Working with BP's sustainability division on meeting and event initiatives
- Ways the new tools can help reduce or offset event emissions
- The effect of virtual event elements on emissions

"The lifecycles of our relationships are long, and we can embrace those principles to drive something fantastic that goes well beyond traditional business priorities."

fair share of the project, rather than it all going toward the Americas or Europe.

HAVE YOU BEEN ABLE TO REDUCE OR OFFSET EMISSIONS FROM YOUR EVENTS SINCE THE CALCULATOR AND TOOLKIT WERE INTRODUCED?

Yes, it's hard because of Covid, but like a lot of things, you start small around the edges and then maybe you grow that up. Just looking at merchandise and at food and food waste, they're getting smarter there for registration in the first place. If you ask everybody where they're coming from and what food they want, you can mitigate things as well. And where there might be food waste, it might be, 'We already know what we're going to do with that food waste. ... We know three different places where we want to take that food.' And we're really asking that question of why you need to give something to somebody, if you are, how does it align to BP's strategy? Is it merchandise? What use is another squeeze ball? We're an energy company, let's see what we could be doing in relation to that. We want to tell people about our journey in these events, and our ambition and our aims. How we do that is a really important piece.

COULD ANYTHING BE ADDED TO ATTAIN AN EVEN MORE ACCURATE IDENTIFICATION OF AN EVENT'S CARBON FOOTPRINT?

Digital is within all of our events now, whether it's virtual or hybrid. There's lots to do there, and I think we could see some growth there. Our IT department [is] doing some fantastic work at lowering carbon and offsetting carbon as well in their usage of servers and everything else. I think we can learn from that and almost apply some science toward what a virtual meeting or a digital meeting may look like.

WHAT ELSE WOULD YOU LIKE TO ADD TO THE CALCULATOR?

One of our new aims is to unlock circularity, and circular relationships within procurement is a big focus for us. In meetings and events, we could do this with highly visible elements. Name any of the big hotel chains, and we are putting meetings and events in there. But those hotels have lots of people parking there, and they might want to have electric vehicle charging stations, for example. I'm really excited to see how we do that in BP as a whole. The lifecycles of our relationships are usually long, and therefore we can embrace all those principles to really drive something fantastic that goes well beyond what you would say are traditional business priorities.

WHAT ELSE SHOULD MEETING OWNERS CONSIDER?

It's all about starting small. Even the smallest actions can help. I think that's the tagline in the toolkit, actually. Putting carbon-reduction initiatives front and center can really drive and influence behaviors. I don't think it needs to be big and scary. Sometimes [organizers] might want to just offset part of it. That's a great step. Let's learn from it as we do it, and I encourage everyone to do that and take that way forward. That's why we've got the calculator, which hopefully helps. ■

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VIRTUAL



Diversity, Equity and Inclusion Series

The BTN Group DEI Symposium Series is a platform to address the long-recognized shortfalls in diversity, inclusion and equity in the business travel industry through a series of discussions with travelers and industry experts. Each event in the series will follow a similar format, covering core topics including the traveler experience, policy and duty of care considerations, and sourcing practices.

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4:30pm
ET



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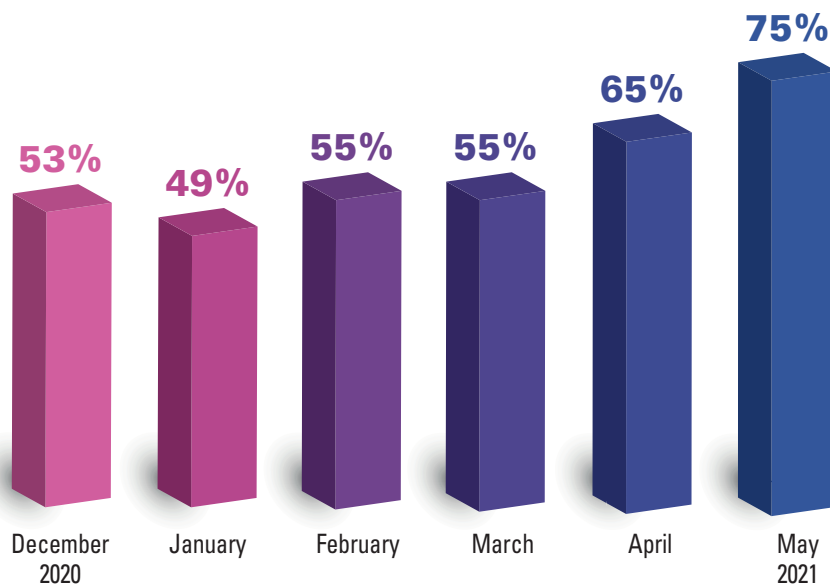


Employers Signal Light Touch on Travel's Return

Travel suppliers of all stripes, especially in the United States, are pointing to a vaccine-powered surge in leisure travel that's exceeding their expectation. The same isn't quite true of business travel, although new polls indicate interest in business travel, at least, is on the rise. Employers for now appear content to let this process play out naturally, with little appetite either for compelling reluctant employees to hit the road or demand they receive a Covid-19 vaccine to travel.

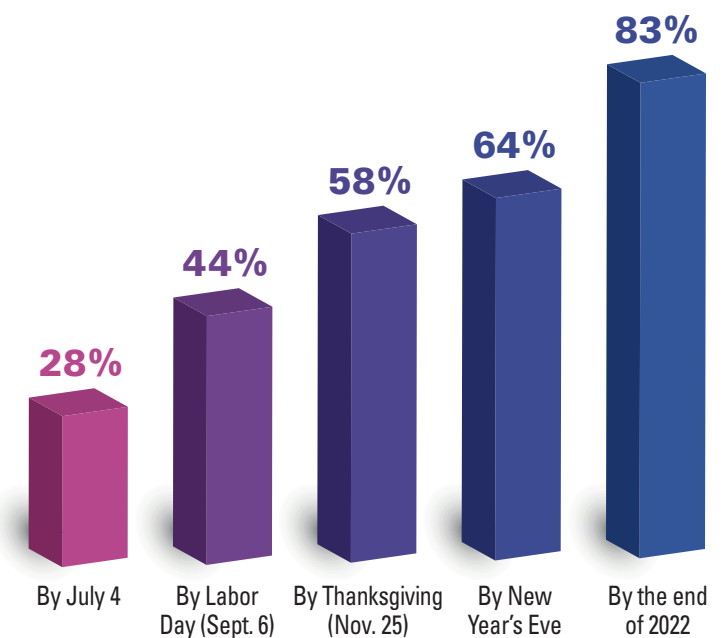
BUYERS SEE INCREASING WILLINGNESS TO TRAVEL

Respondents who indicate their travelers are "very" or "somewhat" willing to travel for business



Source: Euronews/Redfield Wilton Strategies Feb. 25-March 1 survey of 6,000 people

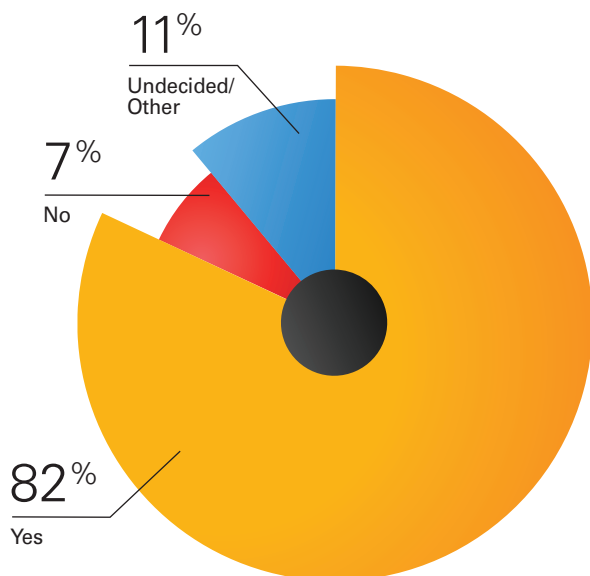
WHEN U.S. BUSINESS TRAVELERS EXPECT THEIR NEXT BUSINESS TRIP



Source: A PwC April 2021 survey of 396 U.S. business travelers

IN NORDICS, MOST EMPLOYEES CAN DECLINE BUSINESS TRAVEL

In the near future, can employees say no to travel requests?



Source: April 10-May 15, 2021, survey of 101 travel buyers by the travel buyer associations of Denmark, Sweden, Finland and Norway

9%

EMPLOYERS WHO PLAN TO REQUIRE COVID-19 VACCINATION FOR EMPLOYEES TO TRAVEL FOR BUSINESS.

Source: Mercer April 15-May 16, 2021, survey of respondents from 1,304 organizations

ARC: U.S. CORPORATE AIR SALES CLIMB

7-Day Period Ending	Agency type vs. same week in 2019		
	Corporate	Online	Leisure/Other
May 2	-76.0%	-19.3%	-52.0%
May 9	-75.2%	-21.8%	-52.9%
May 16	-72.8%	-16.3%	-49.1%
May 23	-71.6%	-13.7%	-44.9%
52-week average*	-85.0%	-50.7%	-69.0%

* Rolling average of prior 52 weeks vs. full-year 2019
Source: ARC

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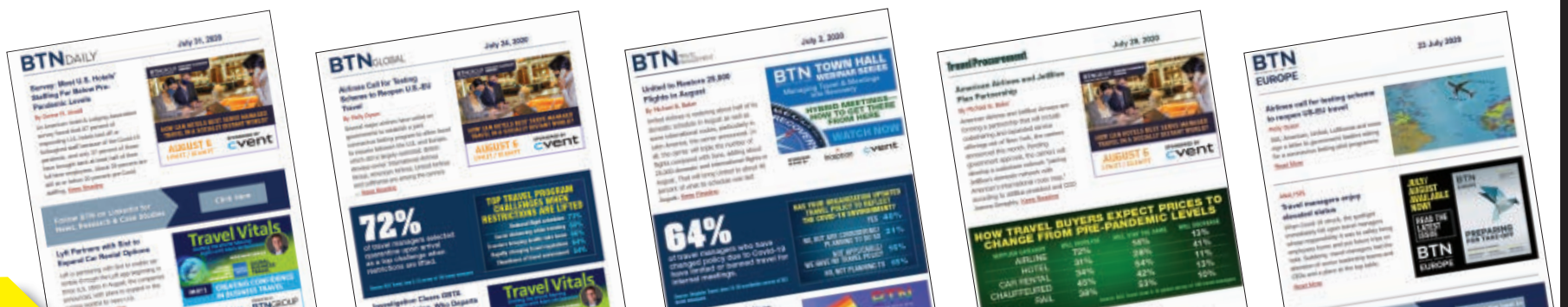
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WHERE THE RUBBER MEETS THE ROAD

Buyers contemplate critical issues as business travel returns

Returning to business travel means re-engagement with car rental and ground transportation firms. As buyers prepare their programs and their travelers, Snap Inc. global travel and corporate card 'ninja' **Sean Parham** and AMD strategic sourcing manager for travel meetings and events **Lisa Stanford** late last month spoke to BTN ground transportation associate editor Dawit Habtemariam about some of the major issues on their minds—and what's not on their minds—as they restart ground transportation in the context of post-pandemic corporate travel. This transcript has been edited for length and clarity.

CAR RENTAL AND OTHER GROUND TRANSPORT PROVIDERS HAVE FOCUSED ON CLEANING AND AIR-QUALITY PROTOCOLS. WHAT DISCUSSIONS ARE YOU HAVING WITH YOUR SECURITY AND RISK TEAMS IN TERMS OF HOW TO REVIEW SUPPLIER PRACTICES AND MOVE FORWARD?

SEAN PARHAM: We had to have some kind of guidance [from the security team] because we felt ... they needed to communicate to employees the safest and most secure way to travel. Security provided the guidelines from the Centers for Disease Control and Prevention and used those to pose questions to all travel suppliers, including ground transportation. [The travel team] asked those questions specifically or went to their websites to do the research on those issues and then ask, but this wasn't necessarily in the context of a request for proposals.

LISA STANFORD: We have a Covid task force that our global travel manager works with to ensure that when we do return to the office or return to business travel, safety precautions are put in place [and] travelers know what they are.

WHAT ABOUT BLACK CAR OR RIDE-HAILING? DID YOU ADDRESS CONCERNS WITH THOSE PROVIDERS, AND WHAT WAS THE RESULT?

PARHAM: For our black car provider, we

actually did go in and ask them about glass partitions between the driver and the passenger. [At first,] they responded that the partitions weren't something they were ready to move forward with. But between us asking and other customers asking the same questions, they decided to go ahead with it. So those partnerships and questions and due diligence were developing as we all moved forward [within the pandemic]. We've also been getting updates and having conversations with Uber and Lyft around what they are doing to try to ensure a safer environment for their employees or contractors. There are a lot of conversations going on between my team and myself, security and our suppliers.

THERE ARE CONCERNS IN THE INDUSTRY ABOUT A POTENTIAL CAR RENTAL SHORTAGE. DO YOU HAVE PLANS TO ENSURE YOUR DRIVERS HAVE ACCESS TO RENTAL VEHICLES?

STANFORD: We put a secondary supplier contract in place just because of the industry car shortages that are expected with [semiconductor] shortages. We wanted to make sure that our travelers have the rental cars when they need them. Historically we've had one global ground provider, and they still are our global approved and preferred supplier. The secondary supplier contract is in place with negotiated rates, but mostly for overflow—if we need the car or the

type of car, we have a fallback supplier to utilize.

WHEN THE PANDEMIC STRUCK, GROUND TRANSPORTATION PROVIDERS SOLD OFF FLEET, REDUCED STAFF, CLOSED LOCATIONS AND, LIKE ALL SUPPLIERS, LOST REVENUE. IN SOME CASES, THEY DECLARED BANKRUPTCY OR CEASED OPERATIONS. HOW HAVE YOU SAFEGUARDED YOUR PROGRAMS?

PARHAM: We're looking at supplier financial well-being, and we're asking questions about liquidity. Especially when it comes to the transportation sector, you don't work with a company that is about to go belly-up and your people get stranded can't get home or get to the next meeting. We definitely ask questions around that.

STANFORD: Definitely. We do random audits on their financial health as well. If we're going out to bid, we would be running a financial health check on any potential suppliers. We do keep an eye on that on a regular basis, especially if they're considered a strategic or partnership type of supplier to AMD. Having a single global rental car provider may not be a tremendous amount of spend, but the risk is pretty high with individuals operating vehicles, so we consider them a strategic partner and make sure that they are financially sound.



Lisa
Stanford



Sean
Parham



Keeping It Clean: Supplier Protocols Lead the Way

Major car rental companies doubled down on cleaning standards as table stakes in getting travelers back on the road. The clean revolution started early in the pandemic and eventually developed into branded cleaning and safety promises.

Hertz Global Holdings introduced a cleaning and sanitization process called Hertz Gold Standard Clean. Under the process, the interior and exterior of Hertz vehicles are given a 15-point cleaning and sanitization process that follows U.S. Centers for Disease Control and Prevention guidelines.

Avis Budget Group has implemented an Avis Safety Pledge, under which the car rental company implements safety measures every step of the rental process, from the counter to waiting in line to returning the vehicle.

Under **Enterprise Holdings'** Complete Clean Pledge, all vehicles are cleaned with the best practices recommended by health authorities. Between every rental, vehicles undergo vacuuming, wipe-down cleaning and sanitization of key areas throughout the vehicles.

Sixt's Premium Cleaning Standard includes sanitization of and disinfectant for all aspects of the car, based on World Health Organization guidelines.

HAVE YOU INCORPORATED SUSTAINABILITY INTO YOUR GROUND TRANSPORTATION PROGRAM?

STANFORD: If we were to go out to RFP, it would be a focus. But right now [sustainability] is just not a driving factor from my travelers' perspective, whether they choose one supplier over another.

PARHAM: Last week our company came out with a sustainability statement around what we were doing as a company. When it comes to our impact on the travel perspective, we are definitely going to be focused on what are our ground transportation providers are doing. Looking at black car providers, for instance, are they going to continue to use petroleum-based engines? Are they going to be moving toward hybrids? That'll be part of our vetting going forward as we start to launch back into travel. In 2022, it will be a component of RFPs and corporate communications, and it will be global. ■

CONTINUED FROM FRONT PAGE

Rental Cars Pose Challenge

America. “We are fleeing ourselves to handle demand,” he said.

Some travel managers have said their travelers have run into situations where their travelers couldn’t reserve a vehicle. “One of our travelers actually shared that Chicago ran out of rental cars when they arrived at O’Hare, and to me that’s really surprising, especially being a weekday,” said Cognizant Solutions Americas travel director Drew Mitchell, who served on a panel during Business Travel Show America.

Changing Travel Patterns

Month by month, corporate demand is trickling back. “We’ve seen sequential improvement in our corporate commercial travel activity since the pandemic,” said Ferraro. It’s also returning with new patterns. “One of the byproducts of Covid-19 was the booking locations changed and the booking patterns changed,” he said.

Industry analysts and consultants have noticed those changes, one in particular. “Almost every corporate account I talk with says their average length of rental is going up,” said ground transportation consultant David Kilduff. “A lot of that has to do with travelers driving regional destinations they normally would fly.”

Ferraro said travelers have become accustomed to using vehicles for longer trips. In some cases, he said, they also use it to commute. “We saw some people use a vehicle as a way of commuting, and we’ve seen our overall length of time people keep our cars commercially has increased,” he said.

Longer Rentals, Bigger Accounts Get First Dibs

To service the rising demand, car rental companies seem to be prioritizing customers with longer over shorter rental periods, according to multiple buyers. “Rental car companies are prioritizing longer rentals over short ones, and more advance-notice rentals over the last-minute bookings,” one travel manager commented at a session at the Business Travel Show America, to which multiple travel managers agreed.

“Car rental suppliers have the ability to turn off certain types of rentals when there is a shortage such as a one-day or two-day [rental],” said Kilduff.

Bigger corporate accounts are more likely to be spared. “Some corporate accounts are protected but those are the very, very large ones,” Kilduff added. “Leisure generally is first to shut down and then corporate with the largest accounts last.”

“One of our travelers actually shared that Chicago ran out of rental cars when they arrived at O’Hare, and to me that’s really surprising, especially being a weekday.”

—COGNIZANT SOLUTIONS AMERICAS’ DREW MITCHELL

“We were talking with our account managers, and we have the protections in place where if we reserve a car for an account, [it’s there],” said Cognizant’s Mitchell, who manages travel for a BTN Corporate Travel 100 company. “There’s hasn’t been a case where a business traveler showed up and there was not a car.”

Others may be more challenged in a variety of situations.

“Rental cars even with corporate accounts can be canceled if a car is not returned by the previous renter,” another travel manager noted in a chat during Business Travel Show America. “They are also using the reservation date as a factor [to prioritize] who gets the next car. It happened to my employee a couple of weeks ago. If no cars are available, they can’t give you one.”

“We try to book a car for one to three days and [got] declined,” said another, and yet another noted that “there are issues with limiting car rentals for two days or less. Car rental companies are prioritizing longer term rentals to maximize revenue.”

Indeed, car rental companies—already in a tough spot financially—have a more profitable opportunity in prioritizing longer rentals. “If you are running out of cars, which ones are you going to shut down?” said Kilduff. “One-day rentals where you don’t make any money, or the five-day rental?”

When asked about locking out short-term rentals to maximize revenue, Ferraro said, “It all depends on the location and place. ... Obviously if it’s during peak-period travel like a holiday there’s going to be something that says, ‘Yeah, you keep the car longer and your price will be different,’ he said. “You keep a car a short amount of days, then there might be some yielding going on there. No different than the way it’s been in our industry for a long time.”

He added that the strategy is not different than how hotels and airlines revenue-manage their inventory.

Finding Ways to Ensure Vehicle Access

Corporates increasingly are requesting clauses in their service-level agreements that ensure they get a vehicle when they need them, according to Kilduff. “There are very few SLAs in corporate rental car agreements. This is probably the first time I’ve had to put them in,” he said. “Now, some corporations are asking for them.”

Service-level agreements, however, may not be enough to ensure vehicles for corporates, according to Kilduff. “Fleet at a location is controlled by the local operational team,” he said. “At the end of the day, an SLA is not going to get you a car if they’re not there.”

Ferraro asked corporate travelers and travel managers to be flexible and plan in advance for their trips. ■



Study: Buyers Seek TMC Servicing, Sourcing Changes

BY ADAM PERROTTA

Many corporate travel buyers are clamoring for changes to travel management company service models and sourcing processes, according to a new report from travel consultancy Festive Road.

The April survey was sent to 1,400 global travel buyers with 114 responses returned. Festive Road additionally conducted in-depth interviews with 18 buyers and TMC sales leaders. The study showed what the consultancy described as “demand for a new TMC proposition and a failure of existing sourcing methods to match buyers with their ideal partner.”

As part of the survey, buyers were asked about their interest in 27 different TMC-provided capabilities. Among the most commonly cited service demands were real-time servicing in-trip, which was an area of high interest for 92 percent of respondents, along with sustainability services (89 percent) and post-booking re-shopping (85 percent).

Festive Road managing partner Paul Tilstone said he wasn't surprised by the particularly high demand for more sustainability-related services, given that many corporates rapidly have prioritized sustainability initiatives of late, leaving TMCs playing catch-up.

“[T]o date, most TMCs haven't really got fully rounded sustainability services to offer; they're still developing them. And yet all the buyers are experiencing increased pressures from their boards,” Tilstone said. A high percentage of the responses came from buyers at “big global brands” that have sustainability high on their agenda, he added.

TMCs were a bit further along in delivering the in-trip support piece, according to Tilstone, who noted that some providers “have already started to scale in this area with in-app support, chat functionality or push ... notifications at key stages of the trip.”

Buyers canvassed also expressed demand for enhanced content from their TMCs via API integration into booking flows, including 91 percent who wanted more air content via API, 88 percent who sought integrated accommodation content and 79 percent looking for the inclusion of ground transport.

Beyond enhanced services and richer content, some buyers also are seeking changes to the TMC sourcing process itself, with 69 percent of respondents indicating that the traditional longform request-for-proposals model no longer was a good fit for their needs.



“When it came to the qualitative TMC interviews, the overriding sentiment was that TMCs are getting tougher in their bid/no-bid decisions.”

—FESTIVE ROAD'S LOUISE KILGANNON

In general, most buyers were seeking a more holistic approach to finding the right TMC partner, according to the study.

For instance, 88 percent of respondents expressed a desire to hear more from specialists within the TMC, beyond the sales team, during the sourcing process. Meanwhile, 82 percent wanted to better understand the TMC's long-term strategy and value proposition, and 74 percent said they'd like to know more about the TMC's culture and values.

And getting TMC sourcing right won't just help buyers; TMCs themselves also would benefit from ensuring a client is a good match—a point borne out by the study's interviews with TMC sales professionals, noted Festive Road consultant Louise Kilgannon, who led the research project.

“When it came to the qualitative TMC interviews, the overriding sentiment was that TMCs are getting tougher in their bid/no-bid decisions,” Kilgannon said. “So, as well as TMCs getting their proposition right, buyers need to get their sourcing approach right to ensure they're going to get their perfect post-pandemic partner.”

Some buyers and suppliers alike expect TMC sourcing activity to be high over the coming months as corporate travel begins to ramp up again after its Covid-induced shutdown, with buyers turning their attention to decisions that had been put on the back burner and many re-evaluating their needs in the wake of the pandemic.

“All those sourcing events put on hold during 2020 are now in catch-up,” Tilstone said. “[And] where there's lots of change, it prompts buyers to think about their new needs and what's available to solution for it.”

Shell, American Express GBT to Collaborate on Sustainable Aviation Fuel

BY MARK FRARY

American Express Global Business Travel and Shell Aviation will create an alliance that will allow GBT's corporate clients to buy sustainable aviation fuels for their business travel needs, the companies announced.

The companies say the collaboration will allow them to combine the buying power of airlines and GBT's corporate business travel customers “to drive a step change in production and usage of SAFs.”

SAFs can be made from a variety of feedstocks and using a number of different technology pathways and

have the potential to cut lifecycle emissions from aviation by up to 80 percent.

GBT chief executive Paul Abbott in a statement said: “Our approach with Shell could provide a turnkey solution for corporations working towards net-zero emissions. We believe aggregating corporate and airline demand is the most efficient way to drive the volume of investment needed to bring change at scale. By working with Shell, we aim to enable corporations and airlines to plot a course towards their own emissions targets, while acting as cli-

mate leaders and creating real change.”

Anna Mascolo, president of Shell Aviation, in a statement said: “We want to help decarbonise the aviation sector and believe this collaboration could deliver new solutions for our customers to reach net-zero emissions.

“SAF has incredible potential to drive the decarbonisation of aviation. Even if all publicly announced projects today actually materialise, SAF would still account for just one per cent of the jet fuel market by 2030. If the aviation sector wants more SAF by 2025, significant new investments are needed today. This collaboration with GBT aims to create the environment that supports new investment in SAF production and new technologies.”



New GlobalStar CEO Looks to Grow ‘Driver’ Partners

BY JAY BOEHMER

Since becoming CEO of travel management company network GlobalStar Travel Management on April 1, James Stevenson has focused on several initiatives, but “the No. 1 priority for the short term is to build the bench strength in the key driver markets,” he said in an interview.

North America is the primary “driver market” where Stevenson wants to add TMCs to GlobalStar’s multinational partnership of agencies that feed each other business, jointly bid for multinational accounts and cooperate to service clients in markets outside their homes.

After all, he said, “60 or 70 percent of RFPs come out of North America.” Some European markets also are in GlobalStar’s scope of “driver markets.”

Omega World Travel and Boscov’s Travel comprise GlobalStar’s U.S. members. Stevenson didn’t name new North American TMC targets, but market change wrought by consolidation should open opportunities, he said. For example, Corporate Travel Management last year took ownership of longtime GlobalStar rival Radius Travel as part of its acquisition of Travel and Transport, which had owned Radius since 2018.

Like any agency network, GlobalStar has confronted partner tumult, as agency M&A time and again redraws the map of TMC network participation. “I think, without exception, the reason partners have left GlobalStar is because of mergers and acquisitions,” he said. “Especially in North America but also in the U.K., some of those key partners have left because they have acquired or been acquired.”

Take one-time GlobalStar partner Direct Travel, which has grown by acquiring a number of TMCs that represented a mix of network affiliations. Direct Travel now operates a multinational alliance with ATP Group. Even Corporate Travel Management once was a GlobalStar member, said Stevenson.

“All of these changes create an opportunity—the Radius one particularly,” he said, noting the network is “now really a CTM network.”

GlobalStar even brought on a former Radius exec, Alex Olsen, as vice president of global strategic partnerships. He is tasked with working on partner development, particularly in North America, said Stevenson.

There are other networks and TMC alliances. Each of the mega TMCs operate partner networks in markets where they lack a wholly owned presence. BCD Travel operates a network of U.S. TMCs focused on the midmarket. There is the Travel Leaders Network and Win Global Travel Network, to name others.

The Beat

TMCs join a network to feed new business and cover geographic gaps, access joint technology solutions and tap network-level supplier deals. Stevenson said collaboration and networking shouldn’t be underestimated, as TMC partners collectively can troubleshoot challenges and share ideas.

“What makes us unique is we are owned by our partners, so no one partner can gain ultimate control,” Stevenson said. He said this structure is attractive to agencies. “It gives potential partners literally a seat at the board table,” he said.

While TMC recruitment tops Stevenson’s short-term priorities, GlobalStar also is reviewing its entire sales process from “start to finish,” with a plan to “reinvent our sales machine.”

GlobalStar is a “partner-led sales organization,” he said, but there is a centralized GlobalStar team that assists with commercial functions, including bid-writing and pricing. “[We will take] a more controlling, driving, leading approach to global sales,” he said.

Stevenson said GlobalStar also sees a current opportunity to develop and negotiate new umbrella supplier agreements across the network, as airlines, hotels and other suppliers look forward to a resumption in business travel.

He said total GlobalStar members now exceed 50, but that figure is always “fluctuating” amid agencies’ comings and goings. He expects the number to grow. GlobalStar in the past year brought on new partners in Spain and New Zealand.

Stevenson joined GlobalStar after a tour at American Express Global Business Travel, which he departed in February 2020. That followed a tenure at HRG in commercial and country-lead roles. He succeeded CEO Steve Hartwell, who retired but advises GlobalStar and assist with continuity. ■

JetBlue Sets Start Dates for London Service

BY MICHAEL B. BAKER

JetBlue will fly to both Heathrow and Gatwick airports when it starts its long-awaited transatlantic service to London later this year, the carrier announced.

Nonstop daily service between New York’s John F. Kennedy International Airport and London Heathrow Airport will begin on Aug. 11, followed by daily service between JFK and London Gatwick Airport beginning Sept. 29. On each routes, JetBlue will use single-aisle Airbus A321LR aircraft, which have 117 core seats as well as 24 Mint suites, a new configuration that JetBlue announced earlier this year.

JetBlue started its fares at \$599 roundtrip and \$1,979 for Mint seats—£329 and £999, respectively, for U.K.-based travelers—and JetBlue CEO Robin Hayes said its fares are meant to “disrupt the pricing of the major carriers and massive joint ventures.” He noted it would be similar to Mint’s launch, when it was pricing at half that of other available premium fares between New York and California at the time.

As a comparison, roundtrip JFK-to-Heathrow service departing Aug. 11 on joint business partners American

Airlines and British Airways was priced at about \$2,600 for Business Class and \$5,400 for First Class. Delta One and Virgin Atlantic’s Upper Class also were priced at about \$2,600 for that route departing on Aug. 11.

“JFK [to Heathrow], the single largest international air travel market from the U.S., has long suffered from outrageously high fares for far too long, especially in premium cabins,” Hayes said in a statement. “We’re ready to change that with a price point and experience that will impress even the most discerning transatlantic flyers.”

JetBlue plans to expand London service to include Boston departures in summer 2022. ■



Serko Readies Partnerships As Local Demand Softens Loss

New Zealand-based travel booking and expense software provider Serko for the fiscal year ending March 31 reported travel booking volume plummeted 63 percent year over year as Covid-19 dealt its blow.

Booking trends recently have been on the upswing. This is especially true in Serko's home markets of Australia and particularly New Zealand, where corporate demand for domestic travel has improved "as the pandemic has been contained, and these markets have recovered from the near-standstill experience at the beginning of the year," CEO Darrin Grafton said last month during a financial results call.

After hitting a booking volume nadir in April 2020, Serko reported its booking volume has "steadily recovered." In March 2021, Serko's booking volume was 73 percent of the level of March 2019, a period unencumbered by the pandemic.

In its current fiscal year, which began in April, Serko has seen further improvement. Its April 2021 booking volume recovered to 84 percent of the level of April 2019. This tracked ahead of guidance Serko issued to investors in March.

Across most of its markets, Serko is less exposed to long-haul international travel, which remains weak worldwide. Further, a recovery of domestic business travel in New Zealand has given the operator a boost to begin its fiscal year.

Booking a Deal

Another boost Serko anticipates in its current trading year is the realization of its partnership with Booking.com on their small business travel platform.

Serko has reported accelerated progress in rolling out Booking.com for Business. Its Zeno system powers the SME-targeted online travel agency service from Booking Holdings, which has a stake in Serko.

It's one of a couple plays Booking Holdings is angling at the unmanaged and lightly managed market, the other being Kayak for Business. Serko operates under a revenue-share agreement with Booking.com on the product, which now has been "localized" in more than 90 countries. Booking.com for Business now is available in the United States and other markets following an initial launch last year in the United Kingdom and Ireland.

Serko expects to complete its transition of current Booking.com for Business customers to the new platform by the end of July.

Meanwhile, Grafton said around 1,300 new customers sign up each day, and "we expect that to ramp significantly." Still, the company in its financial report cautioned that a sign-up doesn't equate to bookings. Further, the companies that sign up are small and "may make between three and 12 bookings a year," said Grafton.

Serko expects the Booking Holdings partnership



"As our brand has matured and our scale is now global with Booking, of course, that enables us to take on, probably two years ahead of where we planned, large and global accounts."

—SERKO CEO DARRIN GRAFTON

to have a "material contribution" to revenue in its current fiscal year, though executives declined to give guidance amid market uncertainty.

While Booking.com for Business is positioned for the small market, the partnership has helped prime Serko's Zeno product for the large.

"As our brand has matured and our scale is now global with Booking, of course, that enables us to take on, probably two years ahead of where we planned, large and global accounts," said Grafton.

As such, Serko has begun to target direct-to-corporate agreements, which can be fulfilled and supported by its TMC partners or a corporate's chosen TMC. Grafton said Serko has been included in requests for proposals from Fortune 500 multinationals, and an undisclosed "large global account" already has rolled Zeno out in Australia and New Zealand.

Grafton said Serko has "a significant pipeline of customers wanting to use our technology at a global level."

Serko in the past year also signed several new TMC resellers, including April's announced addition of Frosch. "We expect this momentum of new signups to continue," said Grafton.

Still, Serko said ongoing furloughs at TMCs have slowed the implementation of new customers. As it indicated last year, it has relaxed contractual terms for TMC partners, as it takes a long view based on mutual recovery.

Serko Adds Zeno for Oracle ERP

Meanwhile, Serko last month launched a version of Zeno designed to work within the Oracle NetSuite SuiteCloud enterprise resource planning platform. The new Zeno SuiteApp enables mutual customers of Serko and Oracle NetSuite to enhance visibility into and control over expenses by integrating Zeno's receipt capture, expense submission and approval features into SuiteCloud's ERP system, Serko said.

Zeno SuiteApp was built using the NetSuite SuiteCloud developer platform under the "Built for NetSuite" program, which provides NetSuite's third-party partners with resources and methodology to help ensure their applications and integrations meet NetSuite standards and best practices.

Still 'Well-Funded'

Serko navigated a fiscal year in which it burned cash at a rate of NZD\$2.3 million per month on average. It posted a NZD\$29 million loss for the year.

Serko's total operating revenue for the 12-month period halved year over year to NZD\$12.4 million on lower transactions.

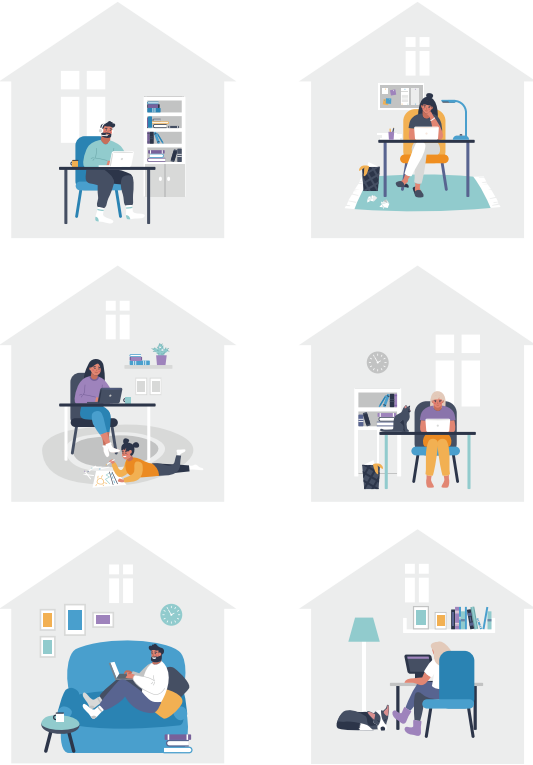
"Serko is well funded," according to the company, which at fiscal year-end counted NZD\$79.9 million in "cash balances and short-term deposits." This was boosted by a capital raise in October.

Serko targets a monthly cash-burn rate of between NZD\$2 million and NZD\$4 million. "We believe these cash reserves at the current rate of cash burn will be sufficient to see the company through to cash-flow breakeven based on our current strategy," said Grafton.

Serko plans to increase its employee base and may consider acquisitions. The company added headcount in a year when so many corporate travel operators shed workers. It counted 287 full-time employees at the end of its fiscal year, up by 54 people. It added more in the past month and now counts 292 employees. ■



Airbnb: Remote Workers Could Spur ‘New Kind of Business Travel’



“People will, of course, travel for business again. I just think the bar to get on a plane to go to a meeting will be higher than before.”

—AIRBNB CEO BRIAN CHESKY

“I don’t think business travel is ever coming back the way it was before the pandemic,” Airbnb CEO Brian Chesky said last month during the company’s first-quarter earnings call. “At least it’s not going to look like it did. I do think a new kind of business travel may emerge.”

That new kind of business travel would include more employees working remotely and returning to headquarters occasionally, he ex-

plained, and they may prefer to rent an Airbnb accommodation.

“If you think about where business travel is going in the future, it seems completely intuitive to me that as companies offer more flexibility, more people are going to live around the world, but they’re not all going to want to live remote,” he explained. “They’re going to have to come back to visit, and so I think you’re going to start to see longer stays. ... You’re going to see longer stays going in cities. We’re seeing elevated bookings in urban markets for stays of longer than 28 days.”

Chesky added that 24 percent of bookings were for longer than 28 days, up from 14 percent in 2019.

Further, Chesky thinks business travelers will want to travel together. For example, they may work in three different cities, but they need to travel to headquarters.

“They may not all get three different hotel rooms at Airbnb,” Chesky said. “They might get one house. They can split the cost. They can eat around the breakfast table in the morning. I think the things that benefit Airbnb [with] business travel is group travel and longer-stay travel. Those two things are disproportionately beneficial to doing home [rentals], and these are general tailwinds for business travel. I want to be clear. People will, of course, travel for business again. I just think the bar to get on a plane to go to a meeting will be higher than before.”

During the first quarter, Airbnb reported a net loss of nearly \$1.2 billion, according to the company. This figure compares with a \$340 million loss in the first quarter of 2020. Revenue was \$887 million, a 3 percent year-over-year increase on a constant-currency basis. The company also reported 64.4 million nights and experiences booked in the quarter, up 13 percent year over year, but down 21 percent compared with Q1 2019. Its gross booking value was \$10.3 billion, a 48 percent year-over-year increase on a constant-currency basis, and a 3 percent gain compared with Q1 2019. ■

Best Western: Business Travel to ‘Take Hold’ in 2022

The U.S. lodging industry’s recovery will be a multiyear process, even with leisure travel already on its way back, said Best Western SVP and chief marketing officer Dorothy Dowling during the BWH Hotel Group 2021 Virtual Travel Summit last month.

“Large group business is 40 percent of hotel occupancy in the United States, so it is a critical part of our business health,” Dowling said. “We see the fourth quarter is going to be when we see a lot of that business travel begin to reenter. But it’s 2022 when we will really see it take hold.”

Dowling, who also is the president of the Global Business Travel Association’s Allied Leadership Council, added that GBTA is monitoring travel buyer sentiment “pretty deeply,” and believes that the return of workers to offices, a process “a lot of companies are in the midst of doing by Labor Day,” she said, will help generate the return of business travel in the fourth quarter.

She also offered three insights into travel buyer sentiment. One is that buyers are “very dialed into” safety and security. “Duty

of care has been elevated to a level I’ve not seen in my career,” Dowling said. “The buyer wants to be extraordinarily well-informed as to what the supplier is doing in terms of supporting their needs.”

Second, “we’ve seen a shift from [requests for proposals] into more chainwides,” she said, citing uncertainty and unpredictability “about where the needs are going to be for project business and other kinds of things that may come up in a company.”

Lastly, Dowling said that business travel buyers have been engaged with their travelers to understand what they need to restart travel.

“But I would offer that essential travel is what kept the lights on for a lot of the hotel community through Covid,” she said, crediting Sunday-through-Thursday business. “Project business also has been a sustaining part of the recovery.”

Dowling also is seeing group business return, “but it’s at 25 [attendees] and fewer,” she said. ■



Hertz Selects Proposal to Fund Chapter 11 Exit

BY DAWIT HABTEMARIAM

Hertz Global Holdings selected and approved a \$6 billion funding proposal from affiliates of Knighthood Capital Management, Certares Opportunities and Apollo Capital Management, the car rental company announced last month.

The proposal from the collectively named KCHA Group will provide equity capital to fund Hertz's revised reorganization plan and Chapter 11 exit, which the car rental company hopes to complete by June 30, 2021. Hertz chose KHCA Group's proposal over a competing proposal provided by Centerbridge Partners, Warburg Pincus, and Dundon Capital Partners.

Under the selected proposal, Hertz's Chapter 11 plan will be funded through direct common stock investments from the KHCA Group and certain co-investors aggregating \$2.781 billion, the issuance of \$1.5 billion of new preferred stock to Apollo and a fully backstopped rights offering to Hertz's existing shareholder to buy \$1.635 billion of additional common stock.

The proposal would eliminate \$5 billion of corporate debt, including the complete elimination of all corporate debt on Hertz's European business, and provide the company with over \$2.2 billion of global liquidity. "Now, we look forward to implementing our Chapter 11 plan, which will substantially strengthen our financial structure by eliminating 79 percent of our corporate debt," said Stone in a statement.

A court hearing to confirm Hertz's plan of reorganization is scheduled for June 10.

Leisure Rebound Drives Q1

Meanwhile, Hertz last month released first-quarter performance figures, boosted by leisure demand.

"This quarter we realized the first effects of the leisure travel rebound and capitalized on strong demand-driven pricing in destination markets that exceeded 2019 levels," Stone said in a statement. "We're continuing to see improved demand and are optimistic about a sustained recovery."

Hertz has continued to maintain fleet availability amid ongoing worries about rental car shortages. "We're actively replenishing our fleet, despite the constraints of the global semiconductor shortage and its impact on the automotive supply chain," Stone said. "Most importantly, I'm exceptionally proud of our employees who are working tirelessly to serve our customers as they're ready to be on the road again."

Hertz reported first-quarter revenue of \$1.3 billion, compared with \$1.9 billion in the same period last year. First-quarter net income amounted to \$190 million, compared with a net loss of \$356 million in the same period last year. Liquidity reached \$1.1 billion.

Also in the first quarter, the car rental company closed on the sale of all assets of its Donlen vehicle leasing and fleet management business to Athene Holding Ltd for \$891 million in cash proceeds. ■

STR Upgrades 2021 U.S. Hotel Forecast

BY DONNA M. AIROLDI

In a departure from its most recent projection in January, STR and Tourism Economics upgraded their latest 2021 U.S. hotel forecast due to better-than-expected demand in the first quarter, STR announced. Full demand recovery, however, still is projected for 2023, while revenue per available room is expected to be close to a full recovery in 2024, according to STR.

Occupancy for 2021 now is anticipated to be 53.3 percent, higher than the 48.6 percent forecast in January. The companies' newly projected 2021 average daily rate of \$109.47 is \$1.79 higher than the previous forecast. Their 2021 revenue per available room forecast now is \$58.39, a figure \$6.07 higher than what was projected in January. The three key performance indicators for the 2022 forecast, however, are all slightly down from January's expectations.

"An effective vaccine rollout and generous fiscal stimulus will drive the fastest single-year economic

expansion in nearly 40 years," said Tourism Economics president Adam Sacks in a statement. "Leisure demand is gathering strength with substantial recovery in sight for many markets. However, transient business, group and international travel face continued headwinds, and a full recovery will take

several years."

"As we saw in late March and early April, leisure continues to be the primary source of demand, although improving weekday occupancies indicate that some business travel is back in the marketplace," said STR president Amanda Hite. "What remains furthest off from meaningful recovery is group business, but there is hope for upward movement in that segment as more events get back on the books." ■

Projected U.S. Hotel Key Performance Metrics

	2020 Actual	2021 Forecast	2022 Forecast
Occupancy*	41.6%	53.3%	60.1%
ADR	\$103.00	\$109.47	\$117.34
RevPAR*	\$42.88	\$58.39	\$70.57

Source: STR

* Reflects total-room-inventory methodology, which assumes no temporary hotel closures.



Delta Climbs to Top of Annual J.D. Power Airline Study

Delta Air Lines earned the top rating in the J.D. Power North American Airline Satisfaction Study for the first time in more than two decades, while overall customer satisfaction with airlines rose due to easing ticket restrictions and flight crew performance.

The study, based on responses from more than 2,300 passengers who traveled from August 2020 through March 2021, showed overall satisfaction improved by 27 points year over year to 819 on a 1,000-point scale. Delta earned the top score of 860 and also had the highest score in half of the eight criteria in the study: flight crew, aircraft, in-flight service and baggage claim. Other criteria include boarding, check in, costs and fees and reservations.

This marks the first time Delta has held the top slot in the survey since 1995, according to J.D. Power. In the 2020 study, Delta ranked third for long-haul flights and fourth for short-haul flights.

Overall satisfaction with flight crews was up 26 points year over year, and the category was one of Delta's strongest, outscoring its nearest competitor by 11 points in that category, according to J.D. Power.

"Delta's in-flight crew performed exceptionally well with its passengers in 2020 and 2021,

J.D. Power North American Airline Satisfaction

Overall passenger satisfaction on a 1,000-point scale

Delta Air Lines	860
Southwest Airlines	856
Alaska Airlines	850
JetBlue Airways	849
Industry average	819
United Airlines	810
American Airlines	791
Air Canada	759

Source: J.D. Power survey of more than 2,300 passengers who traveled August 2020-March 2021

Overall satisfaction with costs and fees was up 47 points year over year, reflecting flexibility with waivers and elimination of change fees in the face of fluid flight plans during the Covid-19 pandemic.

getting significantly high scores in friendliness, courtesy and attentiveness to passenger needs," according to J.D. Power travel practice lead Michael Taylor. "In a particularly difficult year, Delta's people adapted to the challenges of new procedures and passenger concerns and did so with high marks from its customers."

Overall satisfaction with costs and fees was up 47 points year over year in the study, reflecting flexibility with waivers and elimination of change fees in the face of fluid flight plans during the Covid-19 pandemic.

Southwest Airlines, which was the top carrier in J.D. Power's 2020 study, scored second-highest this year and trailed Delta by only four points. Alaska Airlines and JetBlue also had scores above the industry average, as they did in last year's study.

Delta Plans New NYC, Boston Service

Meanwhile, Delta is flexing its muscles against the budding American Airlines-JetBlue alliance with plans to bolster service out of Boston and New York.

On Oct. 4, the carrier is launching twice-daily service from Boston to Dallas-Fort Worth and three daily flights from Boston to Charlotte Douglas International Airport, both American Airlines hubs. Delta will use Embraer 175 aircraft for the Charlotte service and 109-seat Airbus A220-100 aircraft for the Dallas-Fort Worth service.

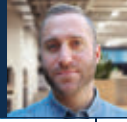
In addition, Delta will upgrade its service from Boston to Cincinnati to the A220-100 aircraft on Oct. 4, and it plans to add the aircraft to other business routes in the fall, including Boston to Raleigh-Durham and New York's LaGuardia to Chicago O'Hare International Airport.

The carrier also is adding new service to Toronto out of the Northeast this fall, with three daily flights from Boston starting Oct. 4 and two daily flights from LaGuardia starting Aug. 5. Delta is using Embraer 175 aircraft on both routes and plans to bump up the LaGuardia route to six times a day later in the fall as demand returns and border restrictions ease.

Delta's Northeast build-up will take on the new American-JetBlue alliance, which announced its own service plans for Boston and New York last month. "As demand grows, our commitment to Boston and New York is stronger than ever, which is why we're continuing to invest in these communities to offer more nonstops and greater connectivity to top markets," Delta SVP of network planning Joe Esposito said in a statement.

GE Exec Joins as CFO

Delta also has hired General Electric executive Dan Janki as its CFO, the carrier announced. Janki, who will join Delta on July 12, has spent more than 25 years in senior roles at GE, most recently as SVP and CEO of GE Power Portfolio. Delta SVP of business development and financial planning Gary Chase and SVP of finance and controller Bill Carroll have been acting as interim co-CFOs at Delta since former CFO Paul Jacobson left to take the same position at General Motors last November. ■



U.K. Delays SCA Implementation Until 2022

BY AMON COHEN

The mandatory implementation of Strong Customer Authentication in the United Kingdom for e-commerce payments, including for many business travel bookings, has been delayed by an additional six months to March 14, 2022, the country's Financial Conduct Authority announced last month.

SCA is designed to eliminate fraud through an additional verification process by the cardholder, such as entering a one-time passcode sent to their mobile phone. It is required in many cases for online reservations, including via corporate booking tools, when the booker pays with a plastic card, though not with lodge or virtual cards.

Most European Economic Area countries made SCA mandatory on Dec. 31, 2020. The U.K. committed to introducing SCA before it left the European Union, but this is the third time it has delayed mandatory implementation beyond an original deadline of September 2019.

The FCA said "this further 6-month extension is to ensure minimal disruption to merchants and consumers, and recognises ongoing challenges facing the industry to be ready by the previous 14 September



2021 deadline."

The news was not welcomed by Amadeus head of commercial payments Jeremy Dyball, who urged travel providers push ahead with implementation. "The FCA's additional six-month delay to enforcement timelines is designed to relieve pressure for the digital commerce world," he said.

"However, in my view, the travel industry needs to move ahead as quickly as possible with SCA. In addition to now being a legal requirement in the EU, SCA is already being implemented by card issuing banks in the U.K. as well, so any travel company looking to maximize bookings must ensure it is SCA-ready in order to ensure the highest possible acceptance rates. Any delay in delivering SCA could result in lost sales at a time when every booking counts."

Institute of Travel Management CEO Scott Davies, however, is of the opposite view.

"We welcome the decision by the FCA to extend the deadline for implementing Strong Customer Authentication for e-commerce transactions for a further six months," he wrote to BTN Europe in an emailed statement. "It's gratifying to see that the FCA has recognized that there are still several challenges and issues which need to be resolved."

The European Union's Revised Payment Services Directive, better known as PSD2, presents unique complexities in the business travel sector, he added. He pointed out that ITM's PSD2 Taskforce has made progress over the last three months, working with stakeholders and helping members and the industry ecosystem make sense of those. ■

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Preparing for a Comeback

leisure demand, and an April Harris Poll noted 77 percent of 2,097 U.S. adult respondents planned to travel this summer.

Yields for United Airlines domestic leisure fares sold in May for second-quarter travel exceed comparable 2019 levels, the carrier indicated in a filing last month with the U.S. Securities and Exchange Commission, adjusting its earnings projections accordingly. Still, United noted, even amid the leisure demand surge, “business demand continues to be significantly depressed, though bookings for business travel are starting to recover.”

“There is no way we are going to bring back all those lost jobs unless we bring back business travel and professional meetings and events, and international, and that is all still pretty far away and a high priority,” Dow said.

He added that U.S. Travel also is calling on President Biden’s administration to take a “risk-based scientific approach” to reopening international travel and offer consistent messaging on professional meetings and events.

“There’s a very big difference between a professional meeting and event than a very large gathering,” Dow said. “When you have a professional convention or meeting, you can control the registration, the spacing between meals, and seating and all of those things. It’s a very controlled environment and safe environment.”

To that end, the U.S. Centers for Disease Control and Prevention last month declared fully vaccinated Americans can attend indoor gatherings of any size without masks or social distancing, though masks are still required for travel.

Subsequently, the American Hotel & Lodging Association eased masking requirements for vaccinated guests from its Safe Stay hotel guidelines for Covid-19 safety, though some chains have kept them in place.

“At this time, we are not asking hotels to require proof of vaccination status, but we do ask that all guests and workers, vaccinated or not, respect and honor these revised guidelines,” said AHLA president and CEO Chip Rogers in a statement. “Unvaccinated guests should wear face-coverings and practice physical distancing at all times in public settings.”

International Steps

Key to any resumption of business travel will be the easing of international border restrictions, and the European Union last month took a significant step in that direction, with ambassadors of the 27 member states agreeing that individuals who have received EU-approved vaccinations for Covid-19 should be allowed entry to the bloc. They also agreed to ease

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—U.S. TRAVEL ASSOCIATION’S
ROGER DOW

the criteria on what should be considered a ‘safe country’ from which all residents would be allowed entry. Still, these decisions must be formally approved by national leaders.

How each country will structure specific entry requirements remains to be seen. Germany, for example, last month updated its coronavirus regulations to allow vaccinated travelers and those with negative tests arriving from countries on its risk list to avoid quarantine, although people arriving from high-risk countries and those where variants of concern are circulating would still need to isolate for 10 to 14 days.

What documentation will be required is also not clear. According to the New York Times, EU officials are in discussion with the U.S. to determine whether the paper vaccination certificates issued to U.S. residents will be sufficient proof of vaccination.

“The European Union’s risk-based, science-driven plan to reopen international travel will hopefully spur the U.S. to heed the many calls for a plan and timetable to safely reopen our borders,” Dow said. “The right conditions are in place: vaccinations are increasing, infections are decreasing, all inbound visitors get tested or have to prove they’ve recovered, and it’s possible to determine vaccine status.”

He added, “The U.S. has been a leader in many aspects of managing the pandemic but is behind our global competitors in pursuing an international economic reopening.”

Business Travel Association chief executive Clive Wratten similarly used the EU move to push United Kingdom officials to do more. “The BTA welcomes the clear stance of the EU that will stimulate all forms of travel,” he said in a statement to BTN Europe. “We urge the U.K. government to introduce reciprocal arrangements for travelers returning from these countries.”

In the meantime, “our leisure business is up 30 percent to 40 percent over what we saw in 2019,” said Marriott International chief sales and marketing officer for the U.S. and Canada Julius Robinson, who also is a co-chair of Let’s Go There, a coalition of 75 travel companies and organizations created last September “with the mission of keeping travel on the minds of Americas even as traveling was virtually halted by the pandemic.”

“There are many reasons for” the leisure increase, Robinson said. “One, obviously, there is more occupancy available. As our business travel and group business have been down somewhat, it’s being replaced by an aggressive leisure community, and we’re very excited about that. And we anticipate those numbers to continue throughout the rest of summer and into early fall.”

The Harris Poll was commissioned by Let’s Go There and fielded April 23-25, 2021. Other findings from the survey show that 36 percent of respondents already have planned their trips and 30 percent have booked them. Of those two segments, more than half (53 percent) will be traveling for the first time since the start of the pandemic.

—Donna M. Aioldi contributed to this report.