

# BTN

BUSINESS TRAVEL NEWS



**DISTRIBUTION**

Southwest Airlines B2B strategy lead Rob Brown defends GDS "full participation" as Amex GBT continues fees on the carrier's bookings.

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**PROCUREMENT**

Amex GBT and Cvent partner to launch dozens of hotel RFP questions focused on sustainability, diversity, equity and inclusion.

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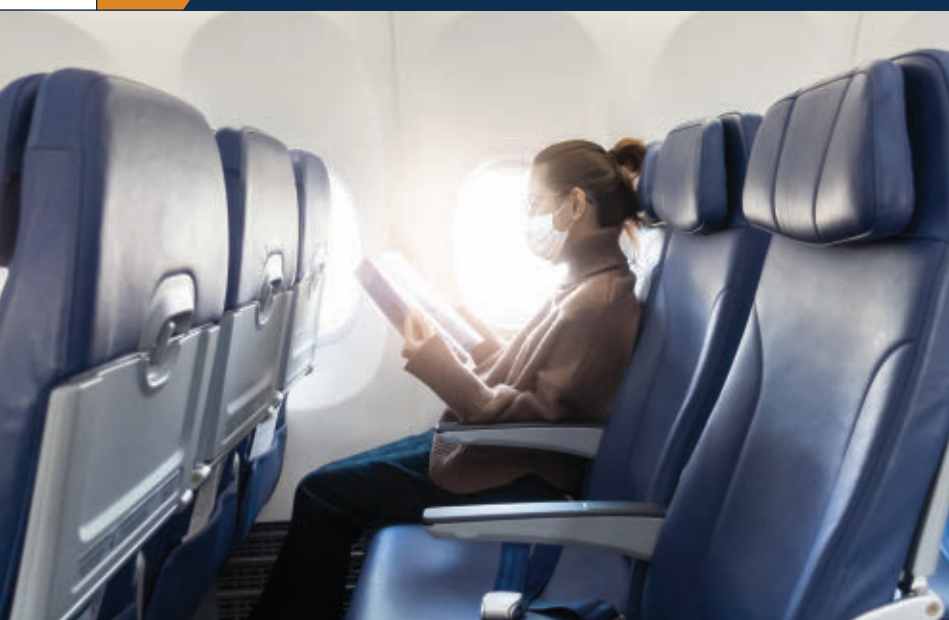


**VOICES**

A policy that allows corporate travelers to fly business class is better for the environment, argues tClara founder Scott Gillespie.

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## TOP STORY



BY ADAM PERROTTA

**AS CASE COUNTS RISE, COMPANIES SLOW RETURN TO TRAVEL**

## Pumping the Brakes

The latest edition of the Global Business Travel Association's monthly global survey of travel professionals, aimed at gauging the industry's pandemic recovery, revealed significantly reduced momentum for the return of corporate travel in the near term. The current iteration of the poll, conducted between Aug. 9 and Aug. 19, garnered responses from 678 travel buyers and suppliers in the U.S. and Canada, Europe and Latin America.

The survey found that just 40 percent of companies that had ceased domestic travel planned to resume in-country trips within the next one to three months—down 36 percent from the previous poll, conducted a month earlier. Enthusiasm for taking up international travel also was on the wane, with just 18 percent of companies that had suspended crossborder trips planning to resume such

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**VARIANT PROVING A HURDLE FOR ORGANIZERS**

## Flexibility Key to Future In-Person Meeting Design

BY DONNA M. AIROLDI

The meetings industry saw a bright light at the end of the proverbial tunnel in spring and early summer as multiple hotel CEOs during quarterly earnings calls noted the increasing recovery in their group segment. There even began to be compression for space happening around the start of 2022 with rates surpassing those from 2019.

Flash forward a few weeks: By mid-July the delta variant was spreading rapidly, Covid-19 cases were on the upswing again, companies started to delay their return-to-office plans and, based on updated U.S. Centers for Disease Control and Prevention guidance, some cities reinstated indoor masking requirements even for vaccinated individuals. In August came the news of canceled trade shows, further delay of the United States opening its borders to international travel, and reports of corporate return-to-office delays accelerated.

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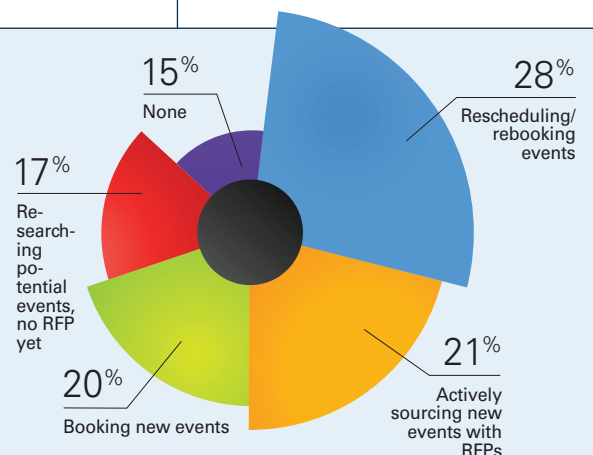
**Best Western CEO David Kong discusses changes in negotiating and amenities due to Covid-19.**

*"If you need to have a housekeeper clean the room every day, you need more staff. We can't hire the people. I think cleaning upon checkout or request is here to stay."*

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### Some Corporate Planners Ready to Live Meetings

Current actions regarding new, in-person events



Source: Northstar Meetings Group Aug. 3-16 survey of 203 corporate meeting planners



## **CORPORATE TRAVELERS CAN MODIFY THEIR BOOKINGS AT NO EXTRA COST.**

Turkish Airlines Corporate Club members can cancel or change their tickets without penalty. Therefore, any work-related compulsory travel changes will not financially affect our members.



# Kalibri Labs Predicts Slowing Lodging Recovery

BY DONNA M. AIROLDI

Citing sluggish group and business demand, weakening leisure demand and the spread of the Covid-19 delta variant, Kalibri Labs now projects a recovery slowdown for the remainder of 2021, according to a company report released last month.

Both airline bookings and hotel demand dropped off in July compared with June, according to Kalibri's "Mind the Gap" report, and the company anticipates this will continue after schools return to in-classroom learning. Although demand and average daily rate trends the second half of the third quarter and fourth quarter historically have been characterized by strong group and business travel, most large groups won't return in a meaningful way until 2022, resulting in occupancy and ADR pressure on large urban hotels, according to Kalibri. Further, the resurgence of Covid-19 cases is likely to delay many companies' plans to return employees to the office.

The report also showed that leisure demand—which for Kalibri includes social, military, educational, religious and fraternal groups—has been gaining on non-leisure demand, which Kalibri labels commercial, since 2015, not just over the course of the pandemic.

"On balance, commercial demand slightly outpaced leisure demand on an annualized basis in every year since 2015, although slightly declining each year," according to the report. In 2019, "53 percent of all demand was commercial and 47 percent was leisure. Through July 2021, that ratio has shifted to over 63 percent leisure and just under 37 percent commercial." Kalibri expects the relationship to stay relatively consistent through the remainder of 2021.

In addition, while leisure demand has approached or exceeded 2019 levels in recent months, "commercial demand is not only well below pre-pandemic levels, but has only recovered to about 80 percent of 2015 levels."

**While leisure demand has approached or exceeded 2019 levels in recent months, "commercial demand is not only well below pre-pandemic levels, but has only recovered to about 80 percent of 2015 levels."**

## STR Upgrades U.S. Hotel Forecast

STR and Tourism Economics, meanwhile, have upgraded their 2021 U.S. hotel forecast for the second time in three months, citing a surge in demand and "room rates hitting an all-time high on a nominal basis," STR president Amanda Hite said in a statement.

The companies, however, tempered their growth projections for 2022. Despite the momentum in 2021, there is concern demand will recede after the summer.

"In normal years, summer leisure demand would be supplanted by business travel and large corporate events, but with more concern around the delta variant as well as delays in companies returning their employees to offices, it's possible that businesses wait until early 2022 to put their people back on the road," Hite said. "Even though we expect some of that demand to shift into 2022, we brought our projections down in comparison with a stronger-than-expected 2021."

In the new forecast, released last month at the Hotel Data Conference, STR and Tourism Economics project 2021 U.S. hotel occupancy of 54.7 percent, 1.4 percentage points higher than its prior forecast, issued in May. The companies project a 2021 average daily rate of \$115.50, up from \$109.47 in the May forecast, and revenue per available room of \$63.16, up from \$58.39.

Second-quarter rates surged with demand, Hite told BTN at the Americas Lodging Investment Summit in late July, adding that rate integrity was among the biggest surprises for her in the recovery.

"That's the first time rate outperformed that way in years," Hite said. "There is truly so much demand, especially on the weekends, that hotels are close to selling out. They are more confident in their pricing because they are not trying to fill rooms. ... There's been no reason to cut rates."

Still, the recovery remains uneven and is dependent on the market and type of hotel.

"Large hotels with 300 rooms or more in the top 25 markets are still devastated," she said, adding that STR has begun to see occupancy growth there, "but full recovery depends on groups and meetings and business travel." ■

# Convene to Mandate Covid-19 Vaccine for All Meeting Attendees

BY DONNA M. AIROLDI

Meeting space provider Convene will require proof of Covid-19 vaccination status for all employees, clients, members and guests who visit any of Convene's 23 U.S. meeting and flex office locations, the company announced.

Convene is phasing in the requirement. As of Sept. 13, anyone who can show proof they have received at least one Covid-19 vaccination shot will be permitted to enter a Convene location. Convene on Oct. 4 will begin to require proof of full vaccination status. There

are exemptions for religious and medical reasons, according to the company.

As part of the check-in process, Convene will check vaccine status at entry, a company spokesperson said via email. Guests should bring a photo ID and at least one of the following forms of proof: a state or city digital vaccine pass (e.g., New York Excelsior pass); a photo of their Centers for Disease Control and Prevention vaccine card; or the hard copy of their CDC vaccine card.

International attendees can bring a photo or hard copy of an official vaccination record of a Covid-19 vaccine administered outside of the United States, including AstraZeneca/SK Bioscience, Serum Institute of India/Covishield, Vaxzevria, Sinopharm or Sinovac, according to the spokesperson, adding that Convene will not collect or store any data for meeting attendees.

Convene for all booked in-person events will offer hybrid meetings options through its Convene Studio. Convene also will offer work-from-home accommodations to its employees who are not able to be vaccinated and are able to do their jobs remotely, according to the company.

"Health and wellness are a key part of the Convene experience, and we made this decision after consulting the guidance of the CDC, our health care partners at Eden Health, and the government entities at the local and federal level," said Convene global chief operating and chief people officer Amy Pooser in a message on the company website. ■



# Best Western CEO Assesses Covid's Permanent Effects

**Best Western Hotel Group CEO David Kong spoke with BTN's Donna M. Airoidi at the Americas Lodging Investment Summit in Los Angeles in late July about Best Western's recovery, business travel, corporate travel program changes and current hotel trends that could endure in a post-Covid environment. Edited highlights follow.**

### HOW IS BEST WESTERN DOING?

We're doing well in North America. Canada is still challenged. [Revenue per available room] is still down about 30 percent compared to 2019. In the U.S., we are seeing 2019 levels. The last couple months have been very strong. We are up about 6 to 7 percent in revenue compared to 2019. And our reservation system production is up by about 30 percent. We are seemingly breaking records every day on the bestwestern.com website. The volume has been extremely strong. Our call center, we are ramping up [and] we certainly want to hire more people. Volume is surpassing our 2019 levels.

### IS THIS DUE TO YOUR POSITION IN THE MARKETPLACE?

Right now, the recovery is led by leisure, and we are very strong in that space. Our location, price points—they all come into play.

### WHERE IS BEST WESTERN WITH CORPORATE BUSINESS?

We've done a really good job maintaining relationships with the corporate travel buyers. Whatever business they have, they are trying to channel it our way, so that has been helpful. It's not just entirely leisure. We are seeing some recovery in the corporate sector as well.

### DID ANY BUYERS CHANGE THEIR PROGRAMS?

A lot of companies actually changed in terms of where they send their travelers. All of a sudden, they have different business opportunities. The sourcing of hotels is now different. Now [they want] chainwides. They'd rather say, give us a dynamic discount, say 10 percent, 15 percent, but it's for every hotel rather than identifying certain locations and setting a [static rate]. We are finding, number one, it's far more efficient that way. Now we're not negotiating 50 hotels. It's whatever your needs are at this [time] for all hotels in that brand. That's far more efficient. Secondly, they also realized it made their job a whole lot easier. They don't have to do 50 [requests for proposals], then wait for the return and manage the system. That is also good when the rate goes down. If you expect rates to go down, having 15 percent is better than a flat rate. They found out that this is a good way to do business in the fu-



**Best Western Hotel Group's David Kong talks:**

- **Best Western's recovery**
- **Changes in buyers' negotiating strategy**
- **Lasting hotel operational and service trends**

**"The sourcing of hotels is now different. ... They'd rather say, give us a dynamic discount, say 10 percent, 15 percent, but it's for every hotel rather than identifying certain locations and setting a [static rate]."**

ture. I've always said, let's go the route of dynamic rather than static rates. The pandemic has trained us for that. During the pandemic, rates went down a lot, so people were then having to contact hotels and ask for better rates than the static rates.

### WHAT OPERATIONAL CHANGES HAS BEST WESTERN IMPLEMENTED THAT AFFECT THE GUEST EXPERIENCE? WHAT IS TEMPORARY AND WHAT IS LIKELY TO BE MORE PERMANENT? LET'S START WITH BREAKFAST.

First of all, the economy sector we have not changed. There is still one hot item, then the cold items, like breads, muffins, cereals. That hasn't changed, although there are grab-and-go options. That was necessary, because you really couldn't put any food out. In the midprice scale, we used to be known for our breakfast. It used to be a lavish display, a very expensive selection of breakfast items. That is not back yet at most hotels. Depending on where a hotel is located and their description, we gave them different options. We no longer do the grab-and-go, we wanted to stop that except in cases where it's really early in the morning when people want to leave and grab something to go. We still do that after hours.

For normal breakfast hours, we basically either are returning to that big expensive buffet, or we dish out the food for people. They order from the menu in advance, or put it together for to-go. It's a smaller selection, because we have several challenges. First are the state and local restrictions. Second, people's hesitation about touching serving utensils. Third, staffing is a huge challenge. We need people to cook it and service it and clean tables, straighten up things. The labor requirements are far more extensive than any of the other options I just mentioned.

We would like to return to that big breakfast buffet, because right now the average rate is really high. And when people are paying really high rates, they have certain expectations. The breakfast buffet is something that they look forward to. So we don't want to disappoint them. For breakfast, I think there will be a return to that kind of a set-up.

### WHAT ABOUT HOUSEKEEPING?

Housekeeping, on the other hand, is different. Because there are people like me, I'm still hesitant to have another person come into my room when I'm staying there. I found out that I'm fine without someone servicing the room daily. I can make my own bed, I can reuse my towel. It's not an issue for me. It doesn't compromise my experience, and it is a cost savings, labor savings. If you need to have a housekeeper clean the room every day, you've got to have a lot more people, you need more staff. We can't hire the people. I mean we were lucky to have people show up. It's very tough. We have a standard of every three days we service the room. Every day we check the room. We want to make sure the room is not being trashed or being used for inappropriate reasons. So I think cleaning upon checkout or request is here to stay. ■

# BUSINESS TRAVEL SHOW AMERICA

SEPTEMBER 23, 2021

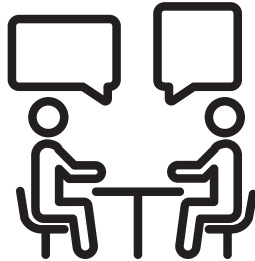
»»» LOOKING  
FORWARD

The Business Travel Show America returns this fall as a one-day virtual event on September 23, 2021.

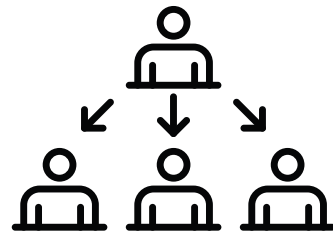
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\* Registration is limited to qualified corporate travel managers and procurement/sourcing professionals who are responsible for managing their company's or organization's corporate travel/meetings program. Registration from travel suppliers including travel management companies, travel agencies, 3rd party meeting planning companies, and consultants who are not sponsors will not be accepted. The BTN Group has the final right to accept or deny registration.

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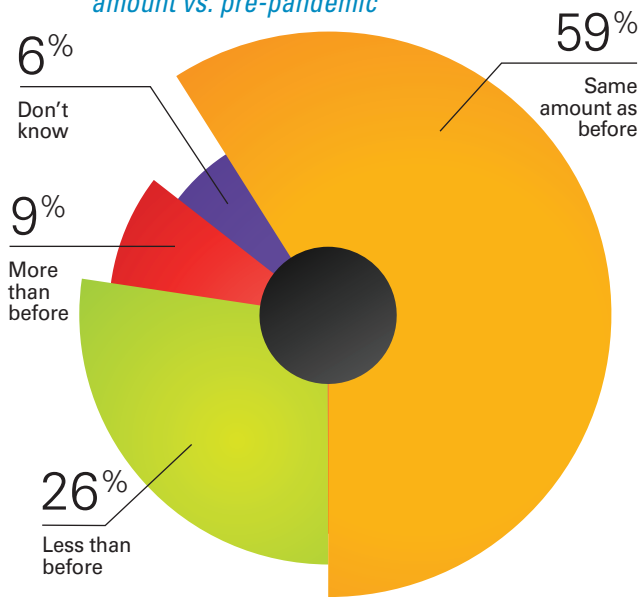


## Business Travel Trepidation Escalates

For the first time since Covid-19 vaccines became widely available in the U.S. this year, both employees' willingness to travel, as measured by worker surveys, and sales by corporate travel agencies have begun to slip amid rising virus case counts. And while conditioning attendance on vaccine mandates could have a notable effect on employees' willingness to meet in person, there appears to be about a quarter of the workforce that, for now, just isn't open to the prospect of travel.

### MOST TRAVELERS SEEK TO MATCH PRE-COVID LEVEL

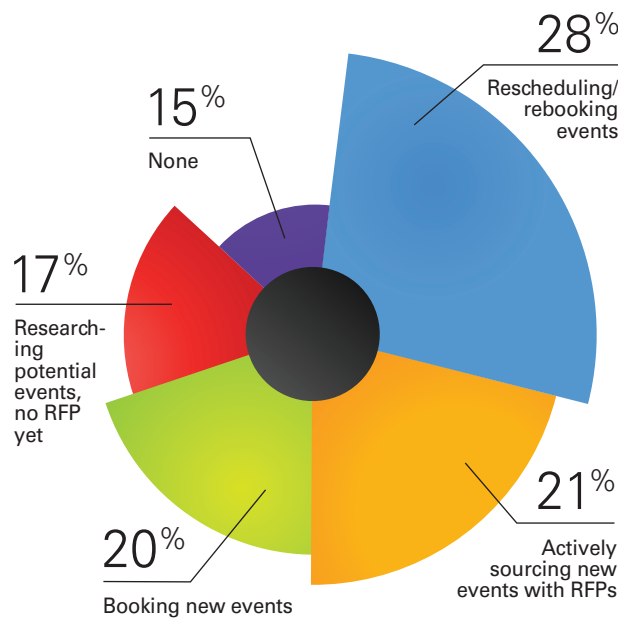
Business travelers' preferred travel amount vs. pre-pandemic



Source: BCD Travel July 6-20 survey of 738 business travelers worldwide

### SOME CORP. PLANNERS READYING LIVE MTGS.

Current actions regarding new, in-person events



Source: Northstar Meetings Group Aug. 3-16 survey of 203 corporate meeting planners

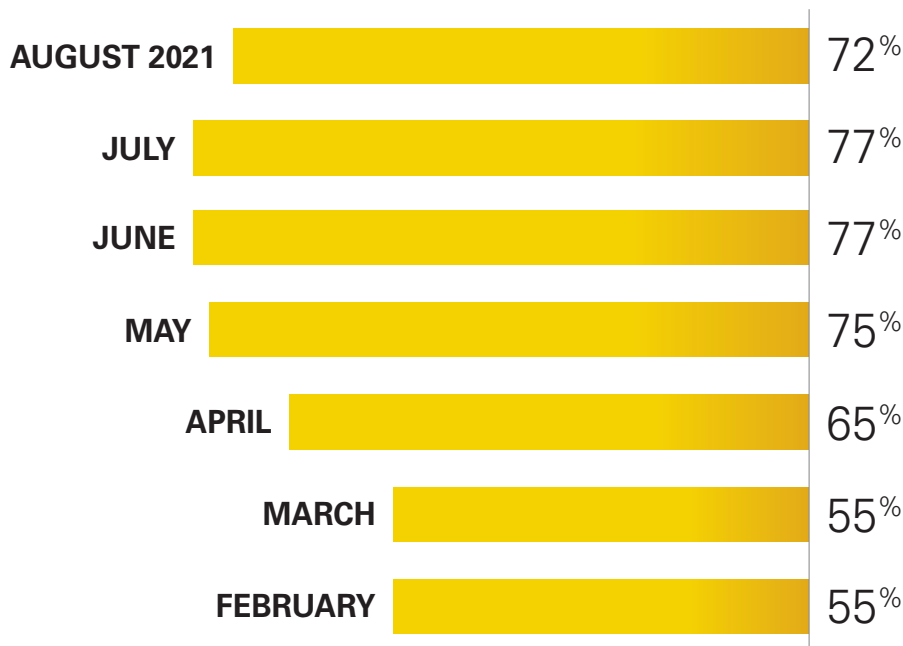
# 60%

## BUSINESS TRAVELERS WHO CONSIDER THEMSELVES NOW LIKELY TO POSTPONE BUSINESS TRAVEL TO A LATER DATE.

Source: American Hotel & Lodging Association/ Morning Consult Aug. 11-12 survey of 414 business travelers

### BUYERS: BUSINESS TRAVEL WILLINGNESS SLIPS

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



Source: Global Business Travel Association monthly surveys of member travel managers and procurement professionals

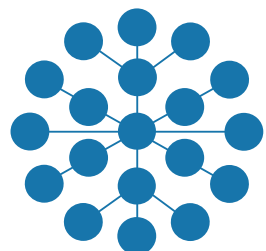
### ARC: U.S. AGENCIES' AIR TICKET SALES RECOVERY STALLS

7-Day Period Ending	Corporate	Online	Leisure/Other
Aug. 8	-54.8%	-16.4%	-41.0%
Aug. 15	-62.3%	-23.9%	-43.3%
Aug. 22	-63.4%	-23.0%	-44.1%
Aug. 29	-64.3%	-24.3%	-46.3%
<b>52-Week average**</b>	<b>-77.3%</b>	<b>-35.7%</b>	<b>-58.0%</b>

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

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# Southwest Sets GDS Plan Despite Amex GBT Fee

American Express Global Business Travel last month said it would continue to levy a \$10 handling fee on Southwest Airlines bookings until the carrier achieves direct-level content parity and closes functionality gaps in global distribution systems.

GBT and its clients will be kept waiting. Southwest has maintained a content strategy to list less than its complete range of fares in GDSs and has no plans to enter “full content” deals, carrier officials said.

Amex GBT’s fee, launched five years ago and subsequently mimicked by TMC competitors, has applied to carriers whose GDS participation is lacking, adding costs to process.

Amex GBT chief revenue officer Michael Qualantone in an interview last month applauded Southwest’s efforts to expand GDS participation and settle through ARC, which kicked off two years ago with new arrangements with Amadeus and Travelport and culminated in late July when Southwest upgraded its legacy basic-booking setup with Sabre, after a nick-of-time pact reached late last year.

Qualantone said Southwest’s solution is “clearly better” and “heading in the right direction,” but it remains incomplete.

GBT last month shared results of a third-party audit conducted in May that showed content gaps had persisted in Travelport, with lower fares regularly found on the carrier’s website.

“For bookings that are 14 days or less, our third-party audits are showing that 10 percent of their content on average is missing,” said Qualantone, citing the May audit based conducted by RateGain. Travelport declined to comment on the audit’s findings.

For bookings 21 to 30 days out, “it’s a 30 percent gap,” said Qualantone. “If you go to almost 60 days out, it’s a 40 percent gap.” Many of these gaps are in Southwest’s nonrefundable Wanna Get Away category, he said.

“Anyone can do a point-in-time shop and come up with a discrepancy,” Southwest director of B2B channels and TMC strategy Eric Hall said. “That happens with other carriers. Point-in-time comparisons almost likely will never match. What they’re seeing in their audit, I would counter with what we’re filing through ATPCO.”

On that, and in contrast with GBT’s audit, Southwest senior director of B2B strategy and services Rob Brown said “90-plus percent of our fares” are available through the GDS “on a day-to-day basis,” including Business Select and Wanna Get Away fare types. “Inside of 14 days, we have 100 percent of our fares.”

When Southwest in 2019 first announced its GDS participation in deals with Amadeus



**“We want this to work similar to the way it works on Delta, United, American, even Alaska Airlines. So far, it doesn’t.”**

—AMEX GBT’S  
MICHAEL QUALANTONE



and Travelport at “the highest level” in terms of functionality, the airline confirmed then it didn’t plan to provide through the GDS the complete range of fares and content available on Southwest.com.

“There are select fares we don’t offer through the GDS,” said Brown, “but that’s our content strategy.”

These have included promotional fare sales, flights to Mexico destinations and some competitive fare matches, particularly on basic economy fares from legacy carriers, which corporate clients regularly inhibit. Southwest doesn’t offer a basic economy fare, as such.

“One of the types of fares that we do withhold in the GDS are competitive matches, especially when you’re looking at fares like basic economy where the industry seems to have accepted the fact that other carriers created a product people now spend money to avoid,” said Hall.

## A Gap, But Narrowing

Even GBT and Southwest can agree content gaps have narrowed since Southwest turned on “full participation” with Travelport last year.

“When Southwest fares first went into Travelport, 90 percent of their fares were cheaper through their website than they were in Travelport in the Wanna Get Away category,” Qualantone told The Beat late last year, citing audits. “That was a major issue. Over time, they’ve closed that.”

But not fully. And not enough for GBT to withdraw its client fee.

Citing audits to date, Qualantone said: “As it relates to Travelport, the full content has not happened; the additional work and requirements are still there; we’re still seeing functionality gaps, meaning we still have to support Concur Direct Connect as well as Swabiz as well as things like EarlyBird Check-In within Southwest.com.”

“We want this to work similar to the way it works on Delta, United, American, even Alaska Airlines,” he said. “So far, it doesn’t.”

Brown said Southwest since last summer has expanded availability of Wanna Get Away fares in the GDS.

This fare brand may be viewed as a leisure offer, but Qualantone said more than half of Amex GBT client bookings are in this category. Further, Qualantone said one-third of GBT’s Southwest bookings are for travel outside the 14-day window.

Adding Southwest’s EarlyBird Check-In option requires a visit to Southwest’s website, Qualantone said. Also, “certain corporate fares that were available in Swabiz are not available in the GDS.”

Southwest’s Brown said EarlyBird Check-In is live in Amadeus, which also is the provider of Southwest’s host reservations system, and a priority for other GDSs.

There are gaps in functionality, too, Qualantone said. Among them, processing changes and exchanges in some cases has required GBT



to refund one reservation and book another.

Southwest's Hall said modifications and exchanges are supported through GDSs, though there are "some limitations in certain scenarios, but pretty limited." Hall, meanwhile, stressed, "our corporate discounts are available in every single channel," including GDSs.

### Other TMC Strategies

At least a couple of TMCs have taken it upon themselves to fill Southwest content gaps by accessing Southwest's application programming interface instead of, or in addition to, the GDS. The API includes all the carrier's website content and is available to corporate trade partners willing to build a connection.

"AmTrav uses it, so there's no reason why the largest TMC in the world can't, too," said AmTrav CEO Jeff Klee of Amex GBT.

"We still use the direct connect because it's better," Klee said. "You can argue about how often there is a lower fare on Southwest.com—whether it's 1 percent or 10 percent or 30 percent—but without a doubt it happens sometimes, and we don't want that."

Still, he said, the Southwest "API is straightforward and reliable and can get you to 100 percent" of Southwest.com content.

For agencies wedded to GDSs, Klee said Southwest's GDS participation would "get TMCs who don't want to have to do any extra work 95 percent of the way there without having to lift a finger."

As a TMC executive, he said dealing with the "nuance and complexity" of accessing and processing such content is "our job."

"We have a saying internally, 'Don't make our problems our customers'.' Yes, there are nuances to accessing Southwest content," he said. "But there are also nuances to selling just about every other airline."

Previously, Klee said AmTrav would consider moving from its API connection to the GDS, which "would be economically better because we'd get some segment incentives." But it wasn't a priority in light of the API's content advantages.

Southwest's Brown confirmed that the API is available to TMCs like Amex GBT if, indeed, full content is what they seek.

"For customers who prefer the efficiencies and the mid- and back-office flows of a GDS, we're providing you with all of those standardized processes to help you meet those flows," said Brown. "If that's your channel of choice, we've given you a plethora of benefits and options through that channel. However, if full content is your strategy or desire, then that's where Swabiz and our API can service you."

At the same time, Qualantone took issue with public pronouncements regarding Southwest's participation in GDSs, saying they give the impression it is offering full content. Southwest has not cast its GDS participation as "full content," but has referred to it as "full participation."

A "full participation agreement," said Brown, refers to meeting standards of GDS functional-



**"If [GDS is] your channel of choice, we've given you a plethora of benefits and options through that channel. However, if full content is your strategy or desire, then that's where Swabiz and our API can service you."**

—SOUTHWEST'S ROB BROWN

ity that align with standard GDS-based post-ticket servicing as well as elements like settlement through ARC, which were not part of its basic-booking approach of yore. Full content, meanwhile, has typically referred to fare parity with direct channels.

TripActions, meanwhile, pulls Southwest content from both GDS and Southwest API sources "to ensure that our customers get the most value," according to an official, who added: "We also don't charge a \$10 fee per booking."

Neither does AmTrav.

"This kind of thing is bad for our industry," said Klee. "It feeds the narrative that TMCs are just out to nickel-and-dime you to death. Coming out of Covid, we have a chance to broaden our customer base by attracting new companies who, driven by safety concerns, are considering managing their travel for the first time. These surcharges won't help."

In the view of Southwest's Hall, a TMC years ago "could justify" a fee to handle the carrier when it operated limited basic-booking participation in select GDSs.

"Once you ticketed in [the basic booking request model], you couldn't do anything else," said Hall. "You couldn't service. You couldn't add ancillaries. Rapid Rewards didn't work the right way. It was literally nothing worked after ticketing."

"Now what's happening is, they're trying to justify the same fee for fringe-case capabilities that are missing," continued Hall.

Amex GBT, BCD Travel and CWT in recent years formalized client fee programs to cover additional costs of shopping, booking and servicing airline content outside of GDSs.

A 2019 survey fielded by The Beat found that 17 of 26 TMC respondents confirmed they levy "an extra fee to book or handle airline content that does not conform to established workflows." Respondents included mega, multinational, regional and national TMCs in the U.S. and abroad. Some used formalized fee programs; others levied them client by client.

"Our booking process fees are intended for customers choosing to utilize an alternative booking process which falls outside of our standard workflow and generates additional costs," according to a statement from BCD executive vice president of global supplier relations and strategic sourcing Rose Stratford. "With Southwest now available through all three GDSs with full participation, our customers can avoid booking process fees. Should a customer elect to continue booking outside of the GDS, fees will apply."

CWT didn't comment on its current position on Southwest.

As for when GBT would consider lifting its fee on Southwest, Qualantone said ongoing audit results will help guide it.

GBT already had commissioned several audits on Travelport, and an update from the May results is underway. Another fare audit to assess content availability through Sabre also is in the works. ■

**The Beat**



# Delta Inks Travelport to ‘Value-Based’ Deal, Like the One AA Sued Sabre Over

Delta Air Lines and Travelport have reached a new multi-year distribution agreement that includes a “value-based commercial model,” according to Delta.

The deal comes as Travelport global distribution system competitor Sabre defends a breach-of-contract suit brought this summer by American Airlines, based in part on Sabre’s own value-based deal with Delta.

It’s not clear how American would receive news of another GDS entering such a value-based arrangement.

“Probably unfavorably for similar reasons and perhaps with similar results,” offered Cory Garner, co-CEO and president of distribution at T2RL Group, an advisory and research firm that focuses on airline IT and distribution. He was a distribution executive at American before leaving the carrier last year.

American declined to comment.

Delta initially delayed last month’s announcement, and The Beat has learned American’s ongoing litigation with Sabre prompted the postponement.

American is seeking a court injunction to

**American is seeking a court injunction to block Sabre from paying incentives that reward agencies for driving higher-value sales on Delta.**

**The Beat**

block Sabre from paying incentives that reward agencies for driving higher-value sales on Delta, which American argued would steer bookings away from it. American also is seeking an injunction on Sabre’s use of its New Airline Storefront display “for so long as it omits, misclassifies, or misstates American’s products and services,” as American contends it does.

American has moved to issue third-party subpoenas to both Delta and Travelport, as well as some others, as it builds its case against Sabre ahead of a temporary injunction hearing.

Delta in a press release called its pact with Travelport a “transformative global distribution agreement,” similar to how it described its deal with Sabre in May.

Delta’s press release did not state whether Travelport planned to implement a shelf-based display in the vein of Sabre’s New Airline Storefront. The Delta press release referenced Travelport’s “commitment” to enhance its “agency workspace” to ensure agencies “have easier access to all products.”

Meanwhile, Sabre described its own “value-based” structure with Delta to mean that “the fees Sabre receives are aligned with the value the booking brings to Delta,” according to a Sabre court filing. “Sabre also will generally align the incentives it pays travel agents for Delta bookings to the value the bookings bring to Delta.”

Travelport did not comment on whether its “value-based” model with Delta fits these contours. ■

## Upside Goes Down

BY ADAM PERROTTA

Upside Business Travel is winding down operations before officially closing this month, the company announced. Launched in 2016 by Priceline founder Jay Walker, Upside initially focused on providing booking services to the unmanaged corporate travel segment. More recently, the company expanded its scope to include lightly managed clients via distribution partnerships with travel management companies including TravelBank, Omega World Travel and Short’s Travel.

But those partnerships weren’t enough to stave off the deleterious effects of the Covid-19 pandemic on Upside’s business, according to a post on the company’s website announcing the impending closure.

“Due to the ongoing impact of the pandemic on the travel industry, Upside has decided to shut down its business

after six years,” Upside said in the notice. “Unfortunately, lingering uncertainty about when and if business travel will return to pre-pandemic levels has made raising additional capital or finding an alternative path too unlikely at this point.

“As a company, we fought hard to the end and we decided to act now while we still have sufficient capital to conduct an orderly wind down of the business, take care of our employees and other obligations, and transition clients.”

Upside will no longer accept new bookings but will continue to service bookings for travel ending on or before Sept. 24. Bookings for travel not completed by that date will be canceled and refunded and clients “will need to rebook directly with the supplier or through another travel service,” according to Upside. Airline tickets that are non-refundable will

be changed to tickets on file, with any difference in value refunded, the post noted.

Upside also notified clients directly of the planned wind-down, according to the company.

Omega Go+, the private-label booking platform Upside developed for Omega World, will no longer allow new bookings, and existing bookings for trips ending on or before Sept. 24 will be serviced directly by Omega agents, Upside’s post said.

Upside also noted that TravelBank is offering Upside customers a 30 percent discount through Sept. 30. The companies in July 2020 announced a strategic partnership through which TravelBank offered its expense management services to corporate travelers booking through Upside. The alliance was slated to evolve over time to include new capabilities arising from the integration of the two platforms.

Upside stated it would store only client data that is necessary “to service your account and will destroy all copies as part of our final wind down.”

In April 2019, Flight Centre Travel Group acquired a 25 percent ownership stake in Upside, becoming its largest shareholder. The Australia-based TMC at the time said it planned to use Upside’s AI and machine-learning based technology to bolster its small and midsize enterprise-focused Corporate Traveler brand. ■

# Amex GBT, Cvent Add CSR Questions for Hotel RFPs

BY DONNA M. AIROLDI

American Express Global Business Travel and meetings management and transient sourcing provider Cvent have partnered to create and launch a set of 47 hotel sourcing questions focused on sustainability, diversity, equity and inclusion, the companies said.

The new questions are supplemental to the Global Business Travel Association's request-for-proposals template and were released to hoteliers in late July so they could begin to fill in their responses. The questions will be available to buyers using Cvent Transient immediately, in time for the 2022 RFP season.

"Corporate social responsibility topics around sustainability and diversity we feel are a growing priority for many of our clients at GBT," said Nina Marcello, principal of GBT's Global Business Consulting arm. She proposed the RFP initiative, which began in the spring. "We are being inundated with a deluge of questions about how we can support clients that need answers to these questions," she said.

Marcello explained that the current GBTA module doesn't fully capture the full spectrum of questions asked by clients. "This has resulted in a large amount of custom questions and back and forth with hoteliers," she said, adding that questions on sustainability and DEI-related topics for many buyers were not at the current level of priority when the association created its current set of questions.

For example, some GBT clients have asked questions about the ability to support charging stations for electric vehicles, Marcello said, adding those are not in the current GBTA template. Another set of questions is for more detailed information on diversity-owned businesses. Carbon emissions is another topic covered.

"This is huge both on the transient side and on the meetings side," Marcello said. "A lot of hoteliers don't have [the information], and they are going to have to work hard to get it, but it is so important to the people who are part of the Billion Dollar Roundtable and have committed to certain goals around working with diversity-owned businesses. That information is truly lacking in the current deliverable, and it is something clients wanted to see this year."

## GBTA Readies Update

GBTA released an updated hotel RFP template in 2019, but the pandemic paused a 2020 update, according to a GBTA spokesperson.

"The update coming soon will incorporate new and expand upon current questions around sustainability, DEI and health and safety," according to the GBTA spokesperson. "Additionally, it will include more flexibility and customization options so that buyers can include specific questions relevant to their organizations and priorities without requiring GBTA RFP tools and hotel systems to be updated with new templates each year. We recognize that sustainability and DEI are rising to the top of the agenda for so many in our industry. We look forward to rolling out the updated hotel RFP template that will help our members and the industry address these priorities."

GBTA did not provide a date as to when the updated template would be released.

Marcello said she and Cvent let GBTA know that they were doing some "pop out" work for this year, and once they receive feedback from clients, they would let GBTA know if hoteliers

were able to respond. They also said they'd share the list of questions with GBTA, "so if they want to include them in their next release, it would be great if they could," she said. "This is not about working around GBTA. We hope to be able to work with them in the future."

Coming up with the questions started with feedback gathered from GBT clients and meetings with major hoteliers, many of whom sit on the Sustainable Hospitality Alliance, Marcello said. They also spoke with other consulting organizations and travel management companies and used historical client RFPs.

The new questions are not just a GBT initiative, said Cvent senior director of product management Brian Sullivan, who runs the company's transient product line. "As we started talking with hotel suppliers and other travel management companies, there was a need across the industry to do something pretty quickly," he said, adding that some of the hoteliers they interacted with are on GBTA's corporate responsibility committee. "So we took some of those questions that they agreed upon and for the new rewrite incorporated them here. Again, they are not in the full structure because that hasn't been submitted by GBTA yet to the industry, but we know what some of those questions will be, and we've incorporated them into this supplemental model."

It's notable how quickly key players in the industry came together to agree on these questions and achieve consensus on the information they wanted, Sullivan said, then moved to get a solution into the market quickly.

"We tried to keep it simple," Marcello said. "There will still be some clients with very, very specific initiatives that they want to dive deep into and ask more of the hoteliers. I don't think we'll ever avoid that. But what we are managing here for is the norm, and trying to reduce the workload for the hoteliers, who also are seeing these types of questions. ... It really is an industrywide initiative to save time. I've stayed at hotels recently and saw people wearing a lot of hats. Hoteliers are asking for increased time to respond to RFPs, so anything we can do to help the industry is a win." ■





## Hilton's Hughes on Travel Growth, Maintaining Buyer Relationships

Hilton Hotels Corp.'s president of the Americas Danny Hughes in mid-August spoke with BTN senior editor Donna M. Airoidi about a faster-than-expected business travel rebound, an increase in personalized hotel experiences and how the hotel company maintains travel buyer contacts during the pandemic. Edited highlights follow.

### HILTON HAS SEEN BUSINESS TRAVEL RETURN FASTER THAN EXPECTED. WHEN DID YOU FIRST START SEEING THAT, AND TO WHAT EXTENT?

It was really March. Once the vaccines started to get rolled out, we started to see more blue blazers coming through the front doors of hotels and in the airports. It picked up steam over the summer, and it's continued to accelerate. I'm defining the business traveler into two segments: the individual business traveler and the group segment. They are still slightly different, meaning that group activity is now certainly not at pre-pandemic levels, but it's accelerating very nicely. Individual business travelers are starting to get out and about. But I think we will truly see this explode when offices open. Individual business travel will really hit the gas when you have the offices open, which we are still confident that after Labor Day will be strong.

### WHAT PERCENTAGE IS YOUR BUSINESS TRAVEL BACK COMPARED WITH 2019 LEVELS?

We're still not even at 20 percent of 2019 levels. That has been more than compensated for by leisure travel. But if you look at occupancy in our hotels, a year ago, business travel was less than 5 percent. Now certainly it's about 20 percent-ish and continuing to grow.

### HAS THAT MOMENTUM SLOWED OR CHANGED WITH THE SPREAD OF THE DELTA VARIANT, INCREASED CASES AND SOME DESTINATIONS REINTRODUCING INDOOR MASKING REQUIREMENTS?

Not significantly at the moment. What we've seen is a little bit more caution in some group attendance. So rather than any outright cancellations or rush to reschedule, we've seen a bit more cautiousness and a bit weaker attendance. But we monitor it all the time. Again, we are very confident on what we are seeing on the group end and the business travelers starting to pick up. Earlier we were talking about New York, I think we've got almost all inventory open apart from the New York Hilton in Midtown on Sixth Avenue, which we are working to reopen. But we are seeing encouraging trends there. We monitor it carefully, but certainly nothing as devastating as we saw in the initial phase of the pandemic.

People need to interact. Business needs to get done. There is so much opportunity now, people feeling



### Hilton's Danny Hughes talks:

- **Faster-than-expected business travel growth**
- **Maintaining travel buyer contacts**
- **Personalized hotel experiences**

good about the opportunities, a good amount of investment coming from the federal government that is going to create business travel needs. People are in the planning stages now and reestablishing relationships. One thing the pandemic has taught us, as good as modern technology is, you simply cannot replace genuine, authentic and real face-to-face human interaction. When I talk to business clients, when they do travel and do see their clients, it's validating their trip. That is an important factor.

### ANY CHALLENGES ABOUT THE FASTER-THAN-EXPECTED RETURN, AND HOW HAS HILTON MITIGATED THOSE?

The availability of labor is the single biggest challenge for our industry right now. You have the situation where hotels, as an industry, we have tens if not hundreds of thousands of good-paying, great-benefit jobs available. Our single biggest challenge is recruiting enough people. There are a whole bunch of reasons for this. But again, I feel very confident as we come to the end of the summer, there will be some form of normality with the schools system, which your working mothers and fathers have not been able to rely on the last year or so.

There is going to be a greater sense of comfort and security that hotels are safe places to work, again, because of all the precautions we've taken and the growing level of vaccinations across the industry. Frankly, there has been government assistance in the form of unemployment insurance that was totally understandable and required during the heights of the pandemic, where now we're in that transition stage where we have enough good-paying jobs for everybody, and we're kind of rolling through that. It's a challenge now, but I think we are all working hard to make sure we're providing a very safe and attractive working environment, and more and more people will hopefully want to jump back into the workplace.

### WHICH HILTON BRANDS ARE SEEING A STRONGER RETURN TO BUSINESS TRAVEL?

It's incredibly strong across all the brand segments, again led by leisure. ... What differentiates it a little bit is destinations. The slowest part of the recovery has been urban city centers: the New Yorks, the San Franciscos, the Chicagos that need a strong and solid convention business to support the whole industry. You can look at contrasting our resorts in Florida, they are booming compared to our hotels in New York that are in the early stages of recovery. Rather than brands being differentiated or performance that has been differentiated, it's been more geographical.

But I will tell you that the level of group inquiries and the conversion from those inquiries from a meetings and events point of view is incredibly encouraging. When we look at levels going into 2022, we are seeing that the rates that people are paying are at or greater than pre-pandemic levels, which is a very encouraging sign. The demand is huge because people are playing catch-up. Effectively, by the time we get to the fourth quarter, we will have had six quarters where people haven't met in any great numbers. While the volume is still a little off of 2019 levels, it's building. The demand is there, and rate is very positive.

#### HOW DID HILTON KEEP IN TOUCH WITH CORPORATE TRAVEL MANAGERS AND MEETINGS CLIENTS DURING THE TRAVEL DROUGHT, AND HOW HAS THAT INFLUENCED CURRENT RELATIONSHIPS?

What's most important is that we maintained relationships. When business travel and group bookings slowed dramatically at the very beginning of the pandemic, we chose to maintain the vast majority of our sales force and client relations people employed on reduced hours and reduced salaries. We were able to maintain over 90 percent of the direct contacts without having to reallocate accounts. And we talked about all the initial emergency measures we took, around Hilton Clean Stay and changing the cleaning protocols and products we used to create a safe working environment for whoever was traveling. We spoke about enhancements we were making around technology to allow people to expand hybrid events and investments we made. ... How we were reinventing food and beverage to make sure we were reinventing what room service looked like. How we reinvented the concept of the buffets to individually prepared and packaged food to completely eliminate any kind of open buffet service. And perhaps most importantly, asking them and listening to them: about what they were thinking, what travel managers were doing, what their corporate budgets were when they were ready to travel and what they needed to have delivered when they were ready to travel.

#### WHAT IS HILTON SEEING SO FAR IN THE REQUESTS-FOR-PROPOSALS PROCESS FOR CORPORATE HOTEL PROGRAMS?

By maintaining our relationship with all our corporate clients, I will tell you it is much along with everything else, more personalized and flexible and not one solution for everything. The same is true in the RFP season. When we are looking at destinations that have huge demand drivers, there's going to be rate pressure. But as other destinations that are going to take a little longer to recover, they'll be able to be more flexible. We went through in the initial stages extending the rates and allowing clients—without going through an RFP negotiation—to keep everything they had in place. Now we are doing a very customized RFP process, client by client, based on their geographical needs.

#### HOW ARE COMPANIES CHANGING THEIR HOTEL PROGRAMS?

There's been a continuing trend to dynamic rather than fixed rates per destination. I think that trend has continued. It's fairer for both clients and suppliers. There's a greater awareness around duty of care for clients. The pandemic has certainly raised the bar. Providing a clean and safe place to stay is more important than ever. You are seeing corporations being more selective around having travel partners that have reacted to that. ... We decided right away to partner with an industry expert, which was the Mayo Clinic and to reinvent all our cleaning standards. ... We are cleaning to a level that is almost a healthcare-provider standard. I think travel managers are waiting to partner with companies that have done that, be it hotel suppliers or car rental suppliers or any others.

**“We went through in the initial stages extending the rates and allowing clients—without going through an RFP negotiation—to keep everything they had in place. Now we are doing a very customized RFP process, client by client, based on their geographical needs.”**

#### WHAT CHANGES ARE HOTELS MAKING?

Things you would expect. There's a bit of an acceleration of some trends that were happening anyway. One is being able to personalize the stay to a far greater degree than choosing a king bed or two queen beds. People could choose which rooms they wanted to stay in, where those rooms would be located—closer or not to the elevator. It also accelerated the ease of contactless hospitality. We were rolling out the concept of digital key, where you could choose the actual room you wanted, you were able to go through the check-in process on your mobile device so you didn't have to go through the front desk and have your credit card swiped and were able to press a button and your hand-held device became the key to opening the room. Those were trends accelerated by this pandemic. Same thing for room service. There is such good quality of food delivery now, and every restaurant in the country that survived has had to adapt to deliver good quality food in good quality sustainable packaging, and we've evolved ourselves to that as well.

#### IS HILTON INTRODUCING ANY NEW PRODUCTS FOR THE BUSINESS TRAVEL SEGMENT?

We're finding ways to make it much more flexible for these clients. One of the initiatives we've taken recently is for our higher-tiered Honors members. One perk was complimentary breakfast. A lot of our clients told us they don't want breakfast. We moved to an F&B credit that allows people to get breakfast if they want it. But if not, they can get a drink in the bar, or can buy something to grab and go. We also started to respond to some client needs around our capabilities around the booking process, and one example is confirmable connected rooms. Hotels have always had a percentage of inventory that connect to other rooms. We're the first hotel company where you can not only request a connecting room but also confirm it and get it guaranteed. [That's valuable for] the SME market, where leisure and business travel crosses over a bit more. I think that trend will continue, when people see the value to be together, being able to merge business travel trips and bring the family and extend it a day. It's important you can confirm connected rooms because your wife or husband and children will join you. And we are looking at our overall capability to make sure we can personalize your stay to a far higher degree than ever before.

#### ANYTHING ELSE?

The only other thing I can say that is important to business travel, is that despite the slowdown in travel growth the last 18 months, we've continued to expand our footprint. If you're a business traveler and choosing a brand, you want that brand to be where you need to be. We've continued to see growth and expansion of some of our existing brands. In particular, we've seen some opportunities to convert some independent hotels and hotels associated with smaller brands to our portfolio. I think that's important. ... It shows there is still great demand and belief from the investment community. This is a great industry. There will always be a demand for high-quality branded products, and we're very happy with our continued net unit growth. ■



## JetBlue Forges U.K. TMC Ties As London Route Launches

BY JAY BOEHMER

JetBlue Airways this year has granted ticketing authority to more than 1,000 U.K.-based travel agents as it looks to drive sales and create brand awareness for its first transatlantic service, launched last month between New York and London. That “number was zero at the beginning of this year,” JetBlue vice president of sales and revenue management Dave Clark said in an interview late last month.

“We really re-oriented our distribution strategy and sales strategy in the U.K. to focus on travel agents,” he said. JetBlue is forging these ties because the U.K. “is so much more of a travel agent market than the United States” and because JetBlue is “still at the very beginning of our awareness journey” on that side of the Atlantic. Can you say JetWho? with a British accent?

“Someone might think we’re some [ultra-low-cost carrier] like Ryanair or EasyJet,” he said. Educational efforts with the travel trade, through webinars and outreach, are part of the work in progress.

The New York-based carrier’s positioning in the United States has included relationships with travel management companies, corporate clients and global distribution systems, but Clark said more than two-thirds of its business comes from the carrier’s website.

It will lean on the trade more as it ramps up in the United Kingdom.

JetBlue is working with Discover The World as its general sales agent in the United Kingdom to assist with agency outreach and corporate relationship-building.

JetBlue is granting ticketing authority to U.K. agencies on an as-requested basis, rather than turning on blanket authority for all IATA Billing and Settlement Plan agencies at the point of sale.

Clark said a subset of U.K. agencies that it works with will have “deeper relationships, potentially doing things like custom ticketing time limits or things like that that can help the needs of that agency.” He declined to get into commissions or override opportunities, but said, “We need to be competitive. The agencies aren’t shy about telling us what they like, what they’re getting. We’re ensuring that we’re competitive.”

JetBlue expects transatlantic demand to skew to the U.S. point of sale even after travel corridors open up and the carrier builds brand recognition in the United Kingdom.

In its home base, JetBlue is a known quantity; it has cobranded credit cardholders and loyalty program members. “On the U.K. side, we’re building from scratch,” he said.

In the United States, the carrier has an “existing pool of corporate clients,” as well, added Clark, many of whom had pre-pandemic travel



footprints to London. For some such clients that hold agreements with JetBlue, “we’ve already amended contracts or provided special fares in some way” for London service.

JetBlue’s first scheduled transatlantic flight touched down on Aug. 12 at London Heathrow from New York John F. Kennedy International.

JetBlue is starting small. Its service between JFK and Heathrow on narrow-body Airbus A321 Long Range aircraft is scheduled to operate four times weekly in September, following daily service in August. JetBlue plans to launch flights from JFK to London Gatwick in late September and expects Boston-London service next summer. For now, it’s being judicious on capacity allocation, but the plan is to return at least to daily service on London routes in the near term.

Not only is JetBlue launching in the face of Covid-related travel restrictions that, at present, keep most U.K. travelers from entering the United States but it’s also going up against airlines and joint ventures, like the American Airlines-British Airways joint business, that have more frequencies, deeper corporate and agency relationships, loyal frequent flyers, expansive international networks for onward traffic and better recognition outside their namesake countries.

“Our goal is a to have a superior product at a lower price,” said Clark.

Its London service includes 24 fully lie-flat Mint premium suites and 114 main-cabin seats. JetBlue says its pricing undercuts the competition. Amenities include free high-speed Wi-Fi and seatback entertainment and what Clark called “top-notch” food and beverage.

Some advance-purchase Mint fares come in at under \$2,000 roundtrip, taxes included, and last-seat walkup Mint fares can be half as low as other offers in the market, he said. ■

## BA Set to Launch Self-Service Portal for Corp. Clients

BY AMON COHEN

British Airways aims to launch a self-service account management portal for corporate clients by the end of this year. Head of sales Mark Muren told BTN Europe the portal will allow travel managers to view reporting, such as performance against deal targets, and access “all things news-oriented and administrative. It will also be a place where waivers and favors are able to be executed, hopefully in a fairly seamless way.”

The portal will also be accessible to travel management companies, which are likely to be the first users of the tool, and BA’s own account management team. The technology is being built on Salesforce, which Muren characterized as “the nervous system within the IAG [BA parent International Airlines Group] sales organization,” in collaboration with third-party developers.

All three major U.S. carriers have launched similar

portals in recent years, and Muren said there is a similar need in Europe, especially for better visibility of deal tracking. “We want to develop a single view that everybody involved with that account can see,” said Muren. “It shouldn’t be something you have to ask the account manager to bring to a quarterly review.”

Muren added that BA has worked on the portal with joint-venture partner American Airlines. “They have been extremely transparent about the things in their tool that they love and things that they are thinking about evolving,” he said. ■

# Canada to Require Vaccine for All Air Travelers

BY MICHAEL B. BAKER

The Canadian government within the next few months will require all commercial air travelers to be vaccinated against Covid-19, the government's Treasury Board, a committee of Cabinet members, announced.

In addition to air travelers, the requirement will extend to rail passengers traveling between Canadian provinces and cruise ship passengers. All employees in the federally regulated air, rail and marine transportations must be vaccinated as well. Those requirements will come "as soon as possible in the fall and no later than the end of October," according to the announcement.

"The government will engage with key stakeholders, including bargaining agents and transportation sector operators, as we plan for the implementation of these initiatives," according to the board. "Details will be communicated as the work unfolds. The process will include determining how this requirement will be implemented, through confirmation of Covid-19 vaccination and other means of protection, such as testing when necessary."

In a statement, the WestJet Group said it "welcomed" the news that would require vaccinations for airline employees, and WestJet EVP of people and culture Mark Porter said the group is "working diligently to implement the government's policy." For travelers, however, the group said it "is advocating that rapid-antigen testing is an acceptable, accessible and affordable alternative for unvaccinated travelers."

Air Canada in a statement called the announcement "a welcome step forward" and said it would work with the government and its unions to implement the requirements. The carrier also urged the government to adopt measures suggested by a Covid-19 testing and screening expert advisory panel earlier this year, including eliminating pre-departure testing for fully vaccinated passengers and to allow self-administered rapid antigen tests in lieu of the pricier, slower PCR testing.

The board's announcement was part of a broader announcement on Friday that all government employees will need to be vaccinated "as early as the end of September." The government also will be working with other federally regulated employers to implement vaccine require-



ments, according to the statement.

"Driving vaccine uptake in Canada to as high a level as possible is one of the most effective, and least disruptive, means at our disposal to sustain the gains we have made in recent months and ensure that we continue on our path to economic recovery, and a healthier and more equitable future," according to Treasury Board president Jean-Yves Duclos.

The requirements will allow "alternative measures, such as testing and screening" on a case-by-case basis for those who are unable to be vaccinated, according to the announcement. As of Aug. 28, more than 73 percent of eligible Canadians were fully vaccinated, and more than 83 percent had received at least one dose of a vaccine, the board reported. That leaves about 6 million eligible people in the country unvaccinated.

The United States reportedly is considering a vaccine requirement for international travelers as well. ■

## Point-to-Point LCC Breeze Picks Up \$200M

BY MICHAEL B. BAKER

New low-cost carrier Breeze Airways plans to expand after raising more than \$200 million in its latest round of funding, which closed last month.

The funding round, which included funds and accounts managed by BlackRock and Knighthood Capital as well as additional funding from earlier investors, brings Breeze to more than \$300 million in startup capital. CEO and chairman David Neeleman, who has founded several other carriers including JetBlue and WestJet, said that has made Breeze "the best-funded startup in U.S. aviation history."

Breeze, which aims to serve midsize U.S. city pairs that do not have direct air connections, started flights in May and now operates 39 routes between 16 U.S. cities. Its current fleet consists of 13 single-class Embraer aircraft, and their average flight length is two hours.

The carrier plans to add longer routes when it begins taking delivery 60 Airbus A220 aircraft in October. Breeze expects to receive about one A220 per month for the next five years, according to the carrier. ■

## Alitalia to Close, ITA to Take Over as Italy's Flag Carrier

BY ADAM PERROTTA

Alitalia is shuttering operations and will no longer sell tickets for flights taking place after Oct. 15. All previously scheduled flights after that date have been canceled, and ticketholders will be given the option of receiving a full refunded or rebooking to the same destination for an earlier date, the company said.

The end of Alitalia after 75 years as Italy's national flag carrier was widely expected after it was announced in July that new state-owned airline Italia Transporto Aereo would begin operations on Oct. 15. ITA initially will operate a fleet of 52 planes—seven widebody and 45 narrowbody aircraft—with plans to add more planes later this year. Operating from home bases in Milan and Rome, the newly launched carrier will offer routes to 45 destinations, including Paris, London, Amsterdam,

Brussels, Frankfurt and Geneva. Initial U.S. destinations will be New York, Boston and Miami, with service to Washington and Los Angeles plotted for summer 2022.

After being plagued by financial difficulties for years, Alitalia entered bankruptcy proceedings in 2017 and courted prospective buyers including Delta, Lufthansa and EasyJet. Ultimately however, the company was unable to find a suitor and the Italian government took full control of the carrier in 2020 as the Covid-19 pandemic hit Italy and brought demand for air travel to a near standstill.

News of Alitalia's impending closure comes on the same day another financially troubled flag carriers, South African Airways, announced it would resume service next month after being grounded for nearly a year and a half. ■



CONTINUED FROM FRONT PAGE

## Cos. Slow Return to Travel

travel—down exactly 33 percent from July’s survey.

Meanwhile, more than half of U.S. business travelers are likely to cancel existing travel plans with no intent to reschedule due to the surge in Covid-19 delta variant cases, according to a American Hotel and Lodging Association survey. The survey results come as corporations delay their return to the office and major business travel destinations reinstate entry requirements and travel warnings, further evidence of a fall business travel recovery that could be weaker than some expected.

AHLA surveyed 2,200 adults Aug. 11-12 about their travel plans. Of the total sample, 414 respondents were business travelers. About 60 percent of business traveler respondents indicated they likely would postpone their travel plans until a later date. About 67 percent noted they are likely to take fewer trips, while 68 percent said they are likely to take shorter and 66 percent said they likely will travel only to places they can drive.

Most business traveler respondents are reducing not only their number and length of trips but also their meeting attendance, with 71 percent reporting they likely will attend fewer in-person events or gatherings. Around 59 percent indicated they are likely to postpone existing meetings, and 49 percent said they are likely to cancel existing meetings with no intent to reschedule.

### Crossborder Travel Lag Not Just a Health Issue

Not only are plans for domestic travel slipping as the delta variant takes hold, the long wait for crossborder traffic—which has yet to stage a significant comeback—may get even longer. Neither the virus, nor the variant is the only obstacle.

“Fragmented rules and a lack of mutual agreements continue to restrict travel, with travel restrictions being the second biggest deterrent to travel for 55 percent of respondents in a GlobalData poll,” said the research company’s associate travel and tourism analyst Gus Gardner, whose poll surveyed all types of travelers, not just business.

“Travelers have been left confused over how to provide their vaccination status with varying rules across destinations. For some destinations, travelers need to jump through several hoops to prove their status, and if traveling to numerous countries, the process often differs. Even though it appears restrictions have eased, the complexity of proving vaccination will continue to be a barrier.”

Gardner continued by calling proof of vaccination an “afterthought” of the vaccine rollout, and the lack of digitalized records in some countries—including the U.S.—will continue to make proving vaccinated status difficult. Though options are available, like the International Air Travel Association’s travel pass and others, the uptake has been poor and there is limited government integration.

“Unless steps are taken soon, it could potentially suppress international demand as rules could be too difficult to understand and destinations’ recovery may stall as a result,” said Gardner.

The GBTA study also offered some grim insights from suppliers, with 31 percent of respondents who worked for an air, hotel or ground transport company reporting that bookings from corporate customers had decreased over the previous week, while just 24 percent had seen an increase in corporate sales over that period. That was a stark reversal from the previous poll, in which just 3 percent of suppliers had seen fewer corporate bookings and 70 percent reported a rise.

New data from the Airlines Reporting Corp. further bears out the recent slowdown in corporate bookings. ARC reported that corporate air ticket volumes have been dropping significantly over 2019 levels during the past few weeks. The seven-day period ending Aug. 29 saw 64.3 percent lower volume than the same period two years ago, continuing weaker sales from the previous week, during which volume was down



**“This has been, and we expect will continue to be, a very choppy recovery. We do anticipate that there will be a ... slower recovery in business demand than what we’ve seen.”**

—AMERICAN AIRLINES’  
VASU RAJA

63.4 percent from 2019. Those figures were a sharp drop-off from late July and early August, during which volumes were down an average of just 55.3 percent compared to 2019.

Employee enthusiasm for returning to travel also is on downward trajectory, according to the latest GBTA study, in which 10 percent of travel manager respondents felt that their company’s employees as a whole generally were unwilling to travel. In the prior GBTA poll, just 4 percent of managers reported such overall sentiment from their employees.

Within the context of Covid-related concerns, the rise of the delta variant of the virus—which has been found to be carried by some fully vaccinated people—has been particularly worrisome for the travel ecosystem as a whole. In the GBTA survey, 78 percent of all respondents were concerned or very concerned about the potential effects of the delta variant—and the possibility of further variants—on the safety of business travel. Meanwhile, 78 percent were concerned or very concerned about the variants’ effect on sector employment and 85 percent feared the potential effects of variants on supplier revenue.

In public comments last month, American Airlines chief revenue officer Vasu Raja warned that the delta variant was hindering the carrier’s August revenue and projected a muted corporate travel recovery over the coming months.

“This has been, and we expect will continue to be, a very choppy recovery,” said Raja. “We do anticipate that there will be a ... slower recovery in business demand than what we’ve seen,” he added.

American’s warning of revenue constraints stemming from the delta variant followed similar notices from other carriers.

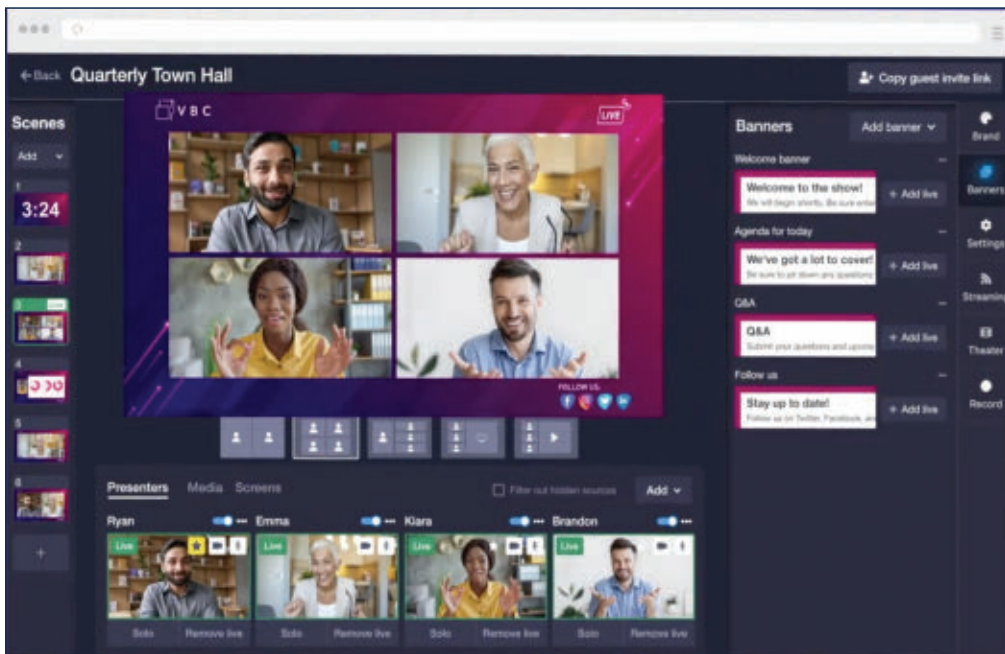
Southwest Airlines “has recently experienced a deceleration in close-in bookings and an increase in close-in trip cancellations in August 2021,” the airline reported in an August filing with the U.S. Securities and Exchange Commission. “Based on the assumption that Covid-19 cases remain elevated in the near-term and current revenue trends in August continue into September, the company’s current outlook for third quarter 2021 operating revenues has worsened by an estimated three to four points from its previous outlook.”

—Dawit Habtemariam contributed to this report.





## Cvent Launches Video and Production Solution for Virtual Events



Meetings technology provider Cvent has launched Cvent Studio, a video capture and production solution built for virtual and hybrid events, the company announced last month at its annual Connect conference in Las Vegas.

The product was designed to enable event planners to easily create and deliver broadcast-quality live or pre-recorded video for webinars, virtual events and hybrid events, according to Cvent.

Planners will have the ability to pre-build each segment before going live and use streamlined presenter tools.

Cvent director of product management Stephen Bowles, who led Studio’s development, during the conference said anyone who works on events could use the tool, and Cvent developed it to “build something event planners and marketers who work on communications teams could feel comfortable working on in the tool.”

Bowles joined Cvent this spring after Cvent acquired Shoflo, the company he founded and which he led as CEO, BTN has learned. Financial terms of the deal weren’t disclosed.

Key features of Studio include the “director view,” in which planners can control in real time both who and what is seen and heard at their events, mixing presenters, media and screen shares with multi-user and multi-presenter collaborations, among other features. In “presenter view,” planners can invite presenters via a web link to a separate virtual preparation space.

Scene editing allows planners to pre-build what each segment of the show should look like before going live, according to Cvent. Users also can map the show in advance or create preferred looks and templates, and use branding tools to customize their event with image uploads, control icon and logo placements and gain access to the Cvent library of assets.

“Studio is available today through Cvent Professional Services,” Bowles said. “For quarter four, the plan is to make it available in more of a self-service mode in Attendee Hub at no additional charge.”

Cvent launched Attendee Hub, its virtual and hybrid solution, in August 2020. The company also recently confirmed it would go public via a merger with special acquisition company Dragoneer Growth Opportunities II with a valuation of \$5.3 billion. ■

## SAP Concur Adds Meetings Solution Powered by Groupize

SAP Concur has partnered with meetings management company Groupize to offer what the companies call an end-to-end self-service meetings management solution for professional planners as well as occasional meeting organizers, the company announced last month. Dubbed Concur Event Management by Groupize, the product now is available in the United States as a “solution extension,” sold to clients by Concur but powered and supported by Groupize.

“We know as people start traveling again and as travel programs start unlocking, lots of companies are [asking], ‘What is my program going to look like going forward? What kind of controls, compliance, spend management, duty of care can I layer into my program now that we are restarting this process?’ ” said SAP Concur VP of global travel strategy Brian Hace. “We think this is a great offering that goes in line with some

of the other things we are doing on the duty-of-care side and even on the spend side. This is a core part of our product strategy, which is extending that end-to-end value proposition by making our products extensible to partners and allowing partners to invest in really cool feature functionality value to the client.”

Concur and Groupize first partnered about eight years ago, and Groupize has offered applications in Concur’s app center, said Groupize chief customer officer Charles de Gaspe Beaubien. Hace added that the companies over the past year or so started working more closely to make Groupize a solution extension and assess the opportunity of the offering for Concur’s clients.

“It’s very exciting for us,” de Gaspe Beaubien said. “One of the highest trends right now, especially since Covid, is that companies are looking for technology to transform their business. With Covid, a lot

of people got caught not having visibility, and then it really identified a gap in their meetings program. There’s even more of a need to bring in technology to control what is now the largest area of unmanaged spend in a company.”

He added that the convergence of travel and meetings at some companies into a single department also has smoothed the path for this offering. “If you’re using a certain technology to manage your travel, it’s a natural extension to use that same technology to manage your travel and meetings,” said de Gaspe Beaubien. “That’s another big tailwind we’ve been talking about for years in the industry that is happening, and Covid accelerated that.”

Concur Event Management by Groupize product features include compliance controls and duty-of-care and spend governance with reporting and analytics dashboards that allow customers to track and review cross-event spend, logistics, reports and attendee metrics. It also can capture event spend, resulting in more accurate budgeting and better supplier negotiations, according to SAP Concur.

Groupize started out focused on small, simple meetings. Just as the pandemic was hitting U.S. shores, the company expanded its capabilities to provide an all-in-one meetings solution for events of any size and type. It soon added alternative venues, risk assessments and virtual capabilities and a car rental module. ■



CONTINUED FROM FRONT PAGE

## Mtg. Design Now in Flux

BTN first began to report on the future of meetings design in June, but by mid-July, all the changes quickly happening in the industry also changed the thrust of this report.

Initially, sources said that companies and planners had pivoted away from having on-site Covid-19 testing, thermal scanning and temperature checks at meetings and events as vaccinations continued their rollout, the CDC eased its guidance, and government restrictions lifted. That trend has begun to change.

“Clients had all moved away from it, and we have not seen much in thermal scanning and testing, but in the last two weeks, requests have come in to have it implemented moving forward,” said ITA Group event solutions director Erica White in mid-August, adding that not many requests had been confirmed yet, but she anticipated they would be.

“In response to the recent increase in guidelines, we are discussing more protocols for testing and temperature checks,” said American Express Meetings & Events VP of the Americas Linda McNairy. “There are many factors that go into this, including the local requirements and guidelines as well as the culture and beliefs of the organization. It is a thoughtful time, where proper education and preparation are critical to defining the best approach.”

The decision to implement optional health protocols varies based on the host company or organization and the local government regulations in the destination of the meeting, said Marriott International SVP of global sales Tammy Routh. “The majority of meetings have some element of health protocols ranging from allowing only [those] fully vaccinated to attend to simple temperature checks,” she said. “This has not changed in recent weeks as meeting professionals continue to lean on our hotels, the CDC and local government guidance for best practices.”

### Booking Momentum

Despite the setbacks, some sources have not yet seen a pullback in corporate meetings.

“The booking momentum has not changed,” White said. “People are used to being flexible, and they’re not as quick to react like the first time around.”

Event marketing technology company Splash has continued to see an increase in companies preparing to plan events. “They are clearly planning for in-person and hybrid events to return in the coming quarters, particularly in early 2022 as event and travel budgets are replenished,” Splash CEO Eric Holmen said. Still, he added that events customers had for the summer and fall already had a heavy hybrid component.

McNairy has seen some meetings cancel, some convert to virtual and others rescheduled for the near term of August through mid-September. “For anything beyond this time period, our customers are taking a wait-and-see approach as opposed to



**“The in-person events that have been advertised as ‘proof of vaccine required’ are becoming more common and driving good registrations.”**

—SPLASH’S ERIC HOLMEN

making firm decisions around changing the meeting format. We are proactively having discussions and providing guidance on changes they should consider in light of the variant, such as on-site testing, vaccination requirements or contact tracing.”

### Mandated Protocols

Some venues, such as event-space provider Convene, are requiring all employees and attendees be vaccinated in order to be admitted into their facilities [see story, page 3]. This goes in hand with increased regulations like those in New York City, where people 12 and older are required to show proof of at least one dose of a Covid-19 vaccine for indoor activities, including convention centers, exhibition halls, entertainment venues, restaurants and bars, and more.

“The in-person events that have been advertised as ‘proof of vaccine required’ are becoming more common and driving good registrations,” Holmen said. “Event managers must think about the pressures of their audience. On the one hand, Zoom and virtual fatigue are at all-time highs, driving the demand for in-person events. On the other hand, in-person events come with uncertainty—the fine line is probably going to be requiring proof of vaccination to attend. This removed most of the uncertainty and gets us out of our kitchen offices for a few hours.”

Both McNairy and White also noted an increase in interest around vaccination requirements for in-person attendees.

“With the variants, the majority [of clients] are requiring vaccination or proof of a negative test prior to arrival, and then a rapid test upon arrival on-site,” White said. She added, however, that some clients are allowing more personal choice. “It’s more, ‘Here is what the CDC says. We are asking you to do what category you fall into—if you are un-vaccinated, wear a mask please, if vaccinated, don’t. If you’re not comfortable going to a reception, don’t go.’ They’re asking everyone to do what they are comfortable with.”

Meetings technology company Cvent recently held its Connect conference in Las Vegas, where an indoor mask policy had been reinstated just days before the start of the event. In addition to mandatory masks, Cvent required a daily health screening survey for admittance to its in-person sessions and trade show. The company also provided color-coded ribbons for attendees to indicate their comfort levels in regard to social interactions.

Cvent is seeing these measures—masks, comfort indicators, health surveys—as trends when looking at its meetings data, said Cvent VP of customer success Scott Castleman. In addition, the company has noticed an increase in daily temperature checks, use of plexiglass dividers in key areas, and more programs requiring event staff and/or attendees provide proof of vaccination or show a recent negative Covid test.

### Updated Content Design

Health protocols aren’t the only changes meeting planners are making to their events. Marriott’s Routh noted that some planners had moved the

general session from the morning to the afternoon in order to avoid having backlogs at the elevators. “It allows for a better flow,” she said. “It’s really working with each customer.”

Other organizers are giving attendees the option to view keynotes and general sessions from their hotel rooms, then they can attend the breakouts in-person, said Cvent CMO Patrick Smith.

“The general sessions, more and more are being simulcast,” Holmen agreed. “It’s a truly hybrid event in real-time.”

McNairy added that giving in-person attendees a virtual option as well “speaks to the additional mindfulness around the comfort level of each individual,” she said. “There’s a spectrum of people who cannot wait to get out and ready, whereas there are others being more cautious for whatever their reasons may be. Event designers are being more thoughtful of that, and it’s the absolutely right thing to do and I hope it stays permanently in the industry.”

Cvent’s Castleman noted there could be capacity limits to sessions, or planners may repeat sessions in order to accommodate more attendees if they couldn’t make it into the first version of the session. Further, room setups are being done with more attention to the need that sessions in each could be shown virtually, so there’s more sensitivity to mic setups, he added.

ITA Group’s White also noted capacity limits as well as some planners managing flow with assigned seats and group designations. “Attendees stay in the same spot, then they get broken into groups, with each group being released at different times,” she said. For example, group one would get a restroom and hallway break, followed by group two, and so on.

“The amount of time it takes the hotel to clean the breakout rooms is impacting agenda design,” said industry consultant Betsy Bondurant. “In the ‘good old days,’ we built in 15 minutes to get from one breakout to another, but now I don’t the exact time frame, but it’s certainly not 15 minutes. That either is going to impact the number of education sessions you can have in a given day, or you are having the same amount but with shorter timeframes. Really understanding what those needs are from the hotel staff side and how that will impact agendas is definitely an intricate part of the conversation that needs to take place.”

Further changes include reducing the size of meetings, higher demand for outdoor space and shortening the number of days of conferences.

“Does the event need to be three days?” White said. “You can’t have full days of content anymore. It doesn’t work. Planners are being creative with how the content is delivered, whether through teambuilding, shorter keynotes or more lab work. It’s making sure you aren’t just doing long sessions. People, I think, frankly aren’t going to sit and sit any more. The agenda needs to be creative and exciting.”

## Hybrid to the Rescue

In June and July, some meeting industry sources had noted that hybrid wasn’t taking off as much as had been anticipated earlier in the year. Attendees



**“You can’t have full days of content anymore. It doesn’t work. Planners are being creative with how the content is delivered, whether through teambuilding, shorter keynotes or more lab work.”**

—ITA GROUP’S ERICA WHITE

and companies were more eager to meet face-to-face. That, too, is changing in recent weeks, especially as locations and some companies are beginning to mandate vaccines.

“Planners are still thinking of those who have chosen to remain un-vaccinated, and for them a virtual component can be made available,” American Express M&E’s McNairy said.

“Hybrid events are going to have a place in event planning way more than they ever had in the past,” Splash’s Holmen said, adding that he has seen the number of attendees for the virtual sessions increase during the current uncertainty. “It’s new behaviors that will stick around. With companies saying you don’t need to be in the office all the time, people meeting may not be in the city that you are in, and being able to service them virtually is important.”

Cvent Connect operated as a hybrid event, and the company is seeing quite a bit of interest in hybrid, Smith said. “Planners are asking, ‘How do I pull it off? What flavor of hybrid do I use?’ ”

At Marriott, Routh said most meetings on the books already had a hybrid component and the company hadn’t seen much change in recent weeks other than the face-to-face component continuing to grow. To prepare for the increase in hybrid events as well as to demonstrate that in-person events could be safely conducted, the company created Hybrid Learning Labs. Marriott held 11 of them across the United States.

Attendees could step into a “lab” environment that adhered to social distancing guidelines and protocols and would receive a 90-minute tour with private guides that showcased hybrid meeting elements, such as how to set up an on-site rapid Covid-19 testing center, temperature screening processes, general session and breakout set-ups, redesigned food-and-beverage concepts, virtual streaming capabilities and more.

“We had more than 3,000 people go through these experiences with staff and get their questions answered so they could walk away more confident and do their own [meetings],” Routh said. “This is exactly the change in the way we are working with customers today. It is a lot more consultative. It takes a lot more dialogue between customers and property teams to talk through everything. If a meeting planner or professional has already done their homework and knows what they want to do, ... then it’s more logistics. But also there’s a subset of customers, this is their first time doing [hybrid]. They ask, ‘How did you work with other groups that have done this?’ ”

McNairy also noted that in addition to planner communication, attendee communication is paramount to delivering a successful experience. “Providing step by step about what to expect, what will be happening, what is that experience going to be like, especially for people attending their first meeting or conference since Covid, is important,” she said. “It can be a little bit unnerving.”

But the main trend ITA Group’s White has seen is flexibility. “It’s the beauty of the flexibility of the industry,” she said. “I am appreciative of everyone’s grace and flexibility so we can hold these live events. It’s been so nice to see people come together so we can put on safe events.” ■



## Airlines Prepare for Operational Challenges

There's one sure sign that travel demand rebounded this summer: the return of news stories detailing the woes of angry, frustrated passengers forced to camp overnight in airports.

Spirit Airlines' turn in the spotlight came in August, as hundreds of cancellations and delays early in the month led to long customer service lines and passengers stranded in Florida airports, but other U.S. carriers have had similar experiences this summer. In Southwest Airlines' second-quarter earnings call, COO Mike Van de Ven acknowledged that June was its "most difficult month," with technology issues causing delays following some periods of bad weather. As such, the carrier's on-time performance for the month was 62.4 percent.

"The pandemic turned everybody's world upside-down, and it's still not completely right-side up," Southwest CEO Gary Kelly said in the call. "Normal summer demand is always a challenge to manage, more so here in 2021 and especially in June, when we had technology issues and bad weather combined."

American Airlines also garnered attention when it trimmed its July schedule to maximize operational efficiency. More recently, the carrier reported that it was seeing delays in jet fuel delivery, cautioning that it might have to add stops to some flights, though noting that fuel shortages had not yet significantly affected operations.

### Summer Strains

The July 4 holiday weekend in particular was a stress test for carriers, with the U.S. Transportation Security Administration reporting passenger volumes higher than pre-pandemic levels, said Manoj Chacko, head of the travel and leisure business unit for business process management technology company WNS Global.

"Due to the spike and increasing amounts of customers and limited staff, many airlines that weekend, and even now, find themselves overwhelmed with demand," Chacko said. "This has already led to major issues, such as insanely long customer service lines, digital website errors, delayed or canceled flights, and so on."

As airlines forecast corporate travel demand and capacity to return to higher levels this fall, what do these operational issues portend for business travelers in terms of delays and cancellations, particularly coupled with a more challenging airport experience?

The good news is that, as compelling as video of long lines and irate passengers can be for television news broadcasts, there has been nothing particularly extraordinary about the rate of delays and cancellations so far this summer, Cirium consultant George Dimitroff said.

"We have no reason to believe that any weath-

er-related or operational disruptions experienced by airlines recently are any different [than] disruptions they experienced before the pandemic," he said. "If anything, airlines should be able to handle schedule disruptions better right now because the fleet is still not operating at its maximum potential utilization. Those early morning and late evening flights are not squeezed into the daily routine yet, and airlines are allowing longer turnaround times in between flights, so when a flight is delayed there is more of a buffer to absorb a delay until the next scheduled flight by that aircraft."

Despite the headlines American Airlines made, for example, president Robert Isom in the carrier's earnings call said that its second-quarter completion factor was 98.6 percent and on-time arrival rate was 82.1 percent, marking "our best-ever performance for those two metrics in the second quarter." That came as American scaled up operations to more than two and a half times the number of flights operated the same time last year, he said.

OAG last month reported that in July, U.S. carriers had an average on-time performance of 85.1 percent, compared with 78.1 percent in July 2019, showing a clear improvement with less congestion in the air and on the ground.

### Rebuilding Staff

The issue now, according to Dimitroff, is that airlines are facing "temporary operational inefficiencies" when faced with weather or other significant disruptions due to staff reductions during the pandemic. That can make it tougher to get things moving again quickly, he said.

Airline executives said they are confident they will have sufficient staff for the expected ramp-up in travel demand this fall. American's Isom said the carrier already has completed all recalled pilots' training and brought back more than 3,000 staff members from leave. It plans to bring 1,000 more flight attendants back from leave this fall and hire more than 350 pilots this year, followed by hiring more than 1,000 pilots and 800 flight attendants next year, he said.

Southwest's Van de Ven said the carrier is "adding staffing in several of our large cities" and has upped its minimum starting pay to better attract applicants while offering premium pay to entice employees to pick up open shifts. The carrier also is sourcing flight instructors to handle the training needs of pilots as they return from leave, he said.

"It feels really good to finally be in a position where we can add flights and pick up our operating momentum," Van de Ven said. "It was a bit messy as we throttled down our activity, and it doesn't surprise me that it's a bit messy as we are accelerating it, but our employees have navigated through those things heroically."

In a July 27 memo, Delta Air Lines CEO Ed Bastian said the carrier is facing a "record-breaking level of calls" to customer service as demand returns and is bulking up staffing to manage it. In addition to bringing back employees from leave, it is hiring 1,300 customer service specialists who



will be trained and ready to start by September, part of more than 5,000 people the carrier plans to hire across the business, according to Bastian.

## Leaner Schedules

Meanwhile, with leaner schedules, airlines have fewer options to reaccommodate passengers during irregular operations. That will continue to be an issue in the fall, said Jeremy Quek, American Express Global Business Travel's principal global air practice line lead. Data from mid-July, for example, showed that the business-heavy route between Boston and New York's LaGuardia Airport had about 60 percent fewer options in September and October compared with the same period in 2019, he said. That's an improvement from the second quarter, when there were 78 percent fewer flights available on that route compared with 2019, but it still makes planning more of a challenge even during normal operations, as airlines concentrate more on leisure destinations as they rebuild schedules.

"When meetings run over, [previously] you might not have been concerned because you could catch another flight, but you will need to recalibrate those expectations," Quek said. "Ultimately, we will see all of that return, but you won't see a full schedule return in that September-October timeframe."

Business travelers going to secondary or tertiary markets might find they need connecting

flights on routes that previously had direct service, and those who make last-minute bookings could face availability issues as networks rebuild, he added. When irregular operations arise, business travelers should be prepared to have to cancel trips altogether, as it will be less likely they can be accommodated quickly, he said.

Airlines, meanwhile, are adjusting policies to ease the transition. Delta, for example, changed rules around Basic Economy fares to allow flight changes through the end of the year, which Bastian said will help "address call wait times as we increase staffing." Airlines also have access to tools that can simulate demand ahead of high-volume periods to have their teams prepared when the time comes, according to WNS Global's Chacko.

Other changes in the industry might be happening quietly, Cirium's Dimitroff said.

"Perhaps airlines might also have to relax some their stringent cleaning procedures in between flights that they introduced in 2020, although this will almost certainly go unpublicized," he said.

Despite the challenges ahead, Dimitroff said delays and cancellations should be no worse than they were prior to the pandemic this fall. It just might feel that way to some business travelers.

"Maybe we have simply forgotten how unpleasant the travel experience could sometimes be when weather or other disruptions get in the way," he said. ■

**"If anything, airlines should be able to handle schedule disruptions better right now because the fleet is still not operating at its maximum potential utilization."**

—CIRIUM'S GEORGE DIMITROFF

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## Why We Need to Fly Business Class

BY SCOTT GILLESPIE



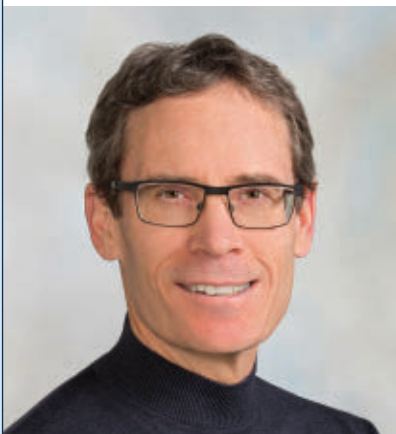
**So long as business-class fares are more than three times the price of an economy fare, our travel budgets will produce significantly fewer emissions than if our budgets were used on economy fares.**

Goals shape most every corporate decision, so we must be clear about our goals for traveling. The most obvious travel goal is to earn a positive payback on the traveler's time, the cost of the trip, and the harm done to the climate. In short, the goal is to take justifiable trips.

He does the math on carbon emissions, but also on travel budgets, where he says the policy makes the biggest impact on carbon emissions by managing demand and forcing prioritization of high-value trips.

Let's assume for a moment that our main goal is to reduce airline-related emissions from our travel programs. We must now rethink our cabin travel policy, as this is the single-most important factor in a travel program's ability to help achieve lower carbon emissions.

The traditional assumption is that flying in economy is least harmful for the climate. I promoted this belief back in 2007 when I



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led the development of TRX's ground-breaking airline carbon emission model. The TRX model allocated three times as much CO<sub>2</sub> to a business-class seat compared to an economy seat because the floor space of the business-class seat was three times bigger.

Business-class seats do take up about three times the floor space of the typical economy seat. But it is not floor space that matters, it is weight. It is the marginal weight of the seats, the passengers and their luggage that matters. Why? Because the plane's operating empty weight, cargo weight and fuel load are the same, excluding the weight of the passengers, their luggage and their seats. The key is recognizing that a business-class seat displaces not one but three to four economy seats, depending on the cabin configurations.

Imagine an airline's decision to make room for one more business-class seat on a flight by removing three economy seats. The weight of the business-class seat and its one passenger with luggage is about half the weight of the three economy seats and their three passengers with luggage. This means the flight needs marginally less fuel, not more, so the flight now emits marginally less CO<sub>2</sub> than it would if the flight had been configured and sold with three economy seats. The same fuel-reduction conclusion holds for first-class seats.

The much bigger benefit of flying business class, however, is simple supply-and-demand economics. Business-class fares are much more expensive than economy-fares. The higher the fare, the fewer number of trips that can be taken from the travel budget. So long as business-class fares are more than three times the price of an economy fare, our travel budgets will produce significantly fewer emissions than if our budgets were used on economy fares.

Let's come back to our goals for traveling. On the climate front, it must be to reduce overall emissions, not emissions per passenger. An economy-class policy does not reduce overall emissions; a business-class policy does.

If our primary goal is to enable more successful trips, protect traveler health, safety and well-being, and strengthen the recruiting and retention of travelers, then a business class cabin policy is the obvious choice on this front.

The days of trying to squeeze the greatest number of trips out of a travel budget are gone. We face new constraints and expectations on climate concerns, travel budgets and traveler well-being. Lower-value trips can't be justified. We need our travelers to succeed on their higher-value justifiable trips. A business-class policy for all travelers scores goals on all of today's most important fronts. ■

Business Travel News (USPS 0728-870, ISSN 8750-3670) September 13, 2021, Issue 895, Vol. 38, No. 13 Business Travel News is published monthly in print and additional digital issues are published in August, September and November by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094 (201) 902-2000, and is distributed free of charge to qualified corporate travel buyers and travel agents specializing in business travel in the United States and Canada. The cost of a print subscription to non-qualified subscribers is \$129 in the U.S.; \$142 in Canada and Mexico; and \$205 in other foreign locations; the cost of a digital edition subscription is \$65; payable in advance in U.S. dollars. Registered for GST as Northstar Travel Media USA GST No. 264513185. Canadian GST No. 123397457. Periodicals postage paid at Newark, NJ, and additional mailing offices. Business Travel News is a trademark owned exclusively by Northstar Travel Media. Copyright © 2021 by Northstar Travel Media, LLC. Reproduction of this magazine, in whole or in part, is prohibited unless authorized by the publisher. Editorial and advertising offices: 100 Lighting Way, Secaucus, NJ 07094. For all circulation inquiries, including new subscriptions, renewals, cancellations, changes of address and problems with missed deliveries, contact customer service by mail at Business Travel News, P.O. Box 2007, Skokie, IL 60076; by phone at (800) 231-3776; fax at (847) 291-4816; e-mail at [btn@omeda.com](mailto:btn@omeda.com); or [www.businesstravelnews.com/subscribe](http://www.businesstravelnews.com/subscribe). POSTMASTER: Send change of address to Business Travel News, P.O. Box 2007, Skokie, IL 60076. Printed in the USA.

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