

BTN

BUSINESS TRAVEL NEWS

July 18, 2022



SHIFTING BALANCE

Small & midsize enterprises resumed business travel faster than their larger counterparts. Can SME buyers throw their newfound weight around?

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EDITOR'S LETTER

Getting on the Same Page

No one ever said getting back to business travel would be easy. We always knew the gears would be rusty, travel volumes and industry dynamics would have changed and servicing travelers would be challenging. Small and midsize companies are no different in this mix, even as they have led the pack in business travel recovery, sending travelers on the road in significant numbers over the past year.

In this issue, Business Travel News explores many of the complexities SME travel managers have been facing, but also brings in new challenges: skyrocketing travel costs, inflation, labor shortages and how those variables are beginning to create uncertainty in SME's business travel strategies as we approach the traditionally busy fall travel season. The pessimists say this segment will hold back given some tough economic indicators. The optimists, who seem to have evidence with actual bookings, say the fall is looking as busy as ever, despite the headwinds.

Whether your business travel outlook takes the half-empty or half-full view, what I like about what I'm seeing in the managed travel industry right now is the central place dialogue and communication have taken in the business travel recovery.

You'll see it in this special SME-targeted issue, with BTN editors and reporters talking to buyers and suppliers from coast to coast in the U.S. as well as key players in the European market. On both sides of the equation, our interviewees echoed each others' experiences and told us, "Hey, we're all being honest with each other" about rate increases, service issues and even how long it might take for volumes to return or service desks to get back up to speed.

I was talking to a senior TMC executive at the end of June, and he said the same thing to me. "The best thing about the pandemic in terms of managed travel is that all the gloves have come off in our conversations. We can talk about anything now; we have to be transparent if we want to work through this." He was right, and I see the small and midsize programs engaging deeply at this level. It will be for everyone's benefit as they blaze the trail toward full business travel recovery.



Enjoy this issue,

Editorial Director, BTN Group

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Dear BTN Readers,

Avis Budget Group is here to support you, our valued small and midsize business community. We know you appreciate the bottom line and want your time and money to go further. You want your partners, vendors and service providers to work as hard as you do. We are more than just a car rental provider—we are a partner helping you manage and get the

most out of your travel program. And with us you get more than just a discount. Members in our program get rewards and benefits that help them in their daily business.

For many small- and medium-sized enterprises, travel has a valuable impact. We get it. That's why everyone at Avis Budget Group is committed to enhancing the travel experience. From our award winning mobile app that gives you complete control, flexibility and transparency of each reservation; to an expanding fleet of fully connected cars that make your experience more seamless and personalized; to our "split my bill" feature that enables you to blend business and leisure travel; to our contactless rental experience called QuickPass. We are doubling down on digitizing the customer experience through applications, tools, and services across our portfolio of brands.

Avis Budget Group is proud to sponsor this special issue of Business Travel News once again. It offers insights and benchmarks that should prove valuable for travel managers who wish to adopt best practices. Thank you for allowing us to serve you. We look forward to the road ahead (with you).

Sincerely,

Beth Kinerk
Senior Vice President, Sales
Avis Budget Group

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Dear Travel Partners,

As we collectively work through this pandemic-recovery era, we admire small and midsize companies for the quick thinking and nimble work you displayed over the last few years.

Small and midsize companies across all industries persevered and kept business moving forward, relying on in-person

meetings and business travel to keep you competitive. Whether you intend to keep the *small business feel* or hope to grow your company to be an industry titan, travel will continue to be essential to conducting business, relationship building and securing new customers.

The internal pressure you're facing to optimize travel spend likely got you to this moment: you're implementing an air travel program into your company and are looking for the right first steps. But, many questions remain: *How do I get internal buy-in from our travelers? How do I track spend and ensure we're maximizing our agreement? What does this industry jargon even mean?*

Engaging with an airline shouldn't be a daunting task. We're here to help! Whether you're a business travel aficionado, or you wear many hats at your company, we're making it easier to maximize the value of our air travel agreement. With easy reporting on our travel intranet site, self-service solutions, a United support team, and with resources BTN makes available, know that success is within reach. These low effort—but high impact—activities will help you create value for your company, give your travelers a better experience, and make you the hero at your company.

Our United for Business team is ready to answer your questions, help you get started and help support you to maximize the value of your program. Welcome aboard!

Sincerely,

Doreen Burse
Senior Vice President – Worldwide Sales
United Airlines



Sour Economic Vision Marks SME Plans

INFLATION HAS INCREASED PESSIMISM, BUT WILL IT AFFECT SPENDING?

BY CHRIS DAVIS

Projecting the corporate strategy, including spending decisions, of small and midsize enterprises poses quite the challenge midway through 2022, and it's because of a sharp difference in the way those companies' executives view their financial standing.

Those executives' view of the overall economy in the past few months has turned sharply and decisively pessimistic, with rampant fears of recession amid inflation and staffing challenges. On the other hand, their perception of their own businesses is far sunnier, with expectations of more robust sales and revenue throughout the balance of 2022 and into 2023.

What does that mean for SMEs' strategy regarding travel spending, especially after the segment was arguable the sturdiest throughout the Covid-19 pandemic? It's unclear, but it's certainly possible that most SMEs won't accelerate travel spending too drastically, even as domestic and international travel restrictions related to Covid melt away, until they have more clarity on the overall direction of the economy and their companies' place in it.

They're certainly not enthusiastic about the economy. In fact, only 19 percent of the more than 1,500 midsize business leaders polled from May 25 through June 10 in JPMorgan Chase's 2022 Business Leaders Outlook Pulse survey said they were optimistic about the U.S. national economy in the year ahead, which not only was down from 75 percent one year prior but also was the lowest figure the financial services giant has ever recorded in 12 years of conducting the survey.

But on the other hand, 71 percent of those same respondents said they were optimistic about their own company's performance, and 73 percent project increased sales or revenue in the next 12 months.

"The first half of 2022 has really tested business leaders

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Suppliers Target SMEs With Products, Deals

BY CHRIS DAVIS

Business travel suppliers for years have designed products and services to target small and midsize businesses, often focused on implementation simplicity and ease of use to assist those organizations that might not have a fully managed travel operation. Several suppliers in 2022 have furthered those efforts, launching or advancing products designed for SMEs or making deals to offer such specific functionality to the market.

Here are some of the most notable SME offerings and deals unveiled so far in 2022.

The Lufthansa Group and TripActions in May launched

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with pricing pressures and increased interest rates, on top of the supply chain- and labor-related issues they were already facing,” JPMorgan Chase Commercial Banking head of research Ginger Chambless said in a statement. “While it’s surprising to see how drastically sentiment has shifted, it is important to note that business leaders are still mostly upbeat when it comes to their companies and areas that they can more directly control.”

Similarly, a survey of small and midsize businesses by CEO coaching and peer advisory organization Vistage also showed a sharp recent drop in respondents’ confidence in the economy. Vistage’s CEO Confidence Index, a quarterly measurement of CEO sentiment regarding a variety of economic and business factors in the second quarter dropped 36 percent year over year.

“The only thing that remains certain for small business CEOs in the year ahead is more uncertainty,” said Vistage chief research officer Joe Galvin in a statement.

Audit, tax, and consulting firm RSM US LLP chief economist Joseph Brusuelas, in a statement accompanying the company’s quarterly survey of midsize business execs, said that “we expect that until there is clear evidence of a return to price

stability, sentiment around business conditions in the real economy will remain split.”

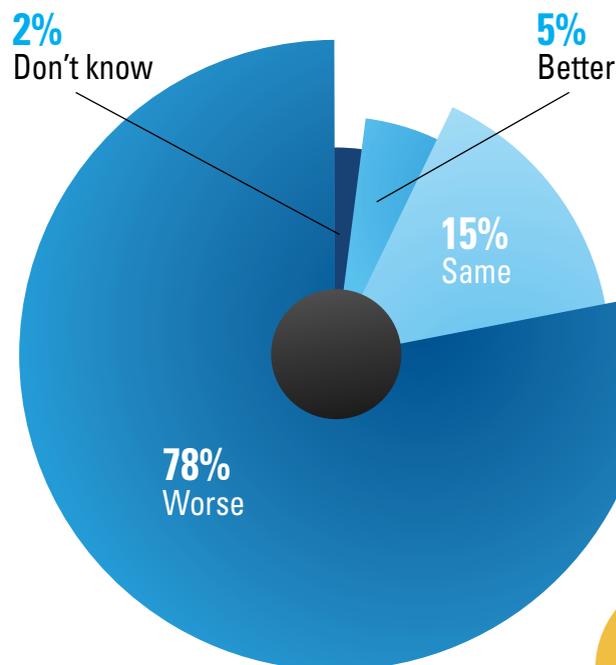
Until then, it remains unclear how SME executives’ perceptions of the economy and their own businesses’ performance will translate to decisions on travel spending. There is some conflicting evidence on this front as well. Airlines Reporting Corp. data of airfares sold by U.S. corporate travel agencies compared with the corresponding week in 2019 showed steady recovery through about mid-April but little consistent change since, possibly indicating that the rebound from the Covid-19 pandemic has plateaued, at least for now.

On the other hand, Delta Air Lines, the first major business travel supplier to publicly discuss its second-quarter performance, insisted that the rebound in business travel demand not only was continuing but that they anticipated acceleration in the coming months.

Delta recently surveyed its corporate clients and results showed “positive corporate expectations for business travel” in the third quarter, with several of the least recovered sectors “conveying strong optimism for increased travel this fall,” said Delta president Glen Hauenstein. The carrier’s business travel segment “continues to improve,” he said. ■

A Dim Appraisal

Compared with three months ago, do you think the economy has gotten better or worse, or stayed the same?



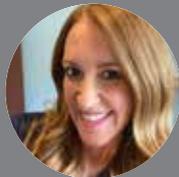
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Source: Goldman Sachs/Babson College/David Binder Research June 20-23 survey of 1,533 U.S. small business participants

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4Sight | Four industry pros answer the question: **What main piece of travel management advice do you have for SMEs as the recovery begins to take hold?**

Define Success Beyond Cost

“SMEs will be well served by defining the necessary investment in travel beyond cost and then aligning leadership teams on success factors that balance both expense and employee satisfaction. A thoughtfully designed SME travel program will respect the most critical financial needs of the organization yet offer enough ‘give’ that travelers also feel it is an investment in their individual success.”

VP OF BUSINESS TRAVEL, FOX WORLD TRAVEL
George Kalka



Accentuate Traveler Communication

“Accept the travel landscape is different and unique right now. It will be in this state of transformation for several months. Communicate to travelers often: Acknowledge awareness of the issues they are facing, provide advice on how to avoid difficulties or trouble, provide advice on what to do if they find themselves in a difficult situation, and share good news stories; i.e., routes being reinstated that are important for your company.”



FOUNDER AND CEO, ATG
Tammy Krings

Assess the Value of Travel

“The next year or two will be tough on travel and meetings programs. A huge priority should be getting feedback and data on the value of travel so the company can make strategic decisions on face-to-face vs. virtual or hybrid in the future. We all need to consider the incredible value of in-person and sustainability for our planet.”

PRINCIPAL, MEETINGS STRATEGY AND THE DATA ANGEL
Kimberly Meyer



Find a Little Grace

“Connect with your partners in the travel space. We are all in ‘recovery’ mode and working together to navigate the new travel landscape. We need to exercise grace and kindness with each other as travel continues to resume and exceed 2019 numbers. We are all in this together.”



PRESIDENT, UNIGLOBE TRAVEL DESIGNERS
Elizabeth Blount McCormick

United Airlines

As we shift to a pandemic-recovery future, you’re likely experiencing a greater need for in-person meetings and business travel. But, as the global and business environments continue to fluctuate, you may be experiencing pressure to maximize (or possibly reduce) your business travel budget.

You’re not alone—according to a recent [Business Travel News survey](#), only 14% of respondents said their company has plans to increase its budget related to traveler well-being this year. With increased bookings and costs of doing business, it’s clear flexible travel solutions are needed to hold your bottom line.

Teaming up with an airline can be an easy way to unlock new resources and savings. The first step is deciding what’s important when it comes to managing your travel:

- ▶ Are you looking to manage costs and secure discounts?
- ▶ Can trips take you anywhere on a moment’s notice, requiring price predictability and schedule flexibility?
- ▶ Do you want to improve your travel experience with benefits like seats with extra legroom and premium cabin upgrades?

If you answered yes to any of those questions, we’re here to help.

Prepaid Programs Can Maximize Your Travel Budget and Elevate Your Travel Experience.

United for Business offers an easy-to-use prepaid solution with benefits and discounts that grow with your investment. Benefits may include:

- ▶ Upfront discounts on domestic and international flights
- ▶ Rewards such as United MileagePlus Premier® and United Club memberships
- ▶ Online reports detailing your travel activity and balance



Additionally, your relationship with United for Business comes with extras for you and your travelers, like United Corporate Preferred. This exclusive benefits program is offered to select corporate customers and gives priority when standing by for an earlier flight, upgrading to a premium cabin and more.

How Does a Prepaid Program Work?

Our agreements are one year in length, with annual renewal options. You can choose when you want to pay (full up front or through a payment plan) and how you want to pay (personal credit card, procurement cards, etc.). Individual programs start with a prepaid investment as low as \$10,000, with corporate investments starting at \$50,000.

Our customer portal offers you travel reporting, reward redemption, and the latest news and updates about United and your program with us. Reporting includes your balance and transaction history, and when you’re ready to book, add funds or renew your program, it’s just a click away.

There are a Broad Range of Options Available.

A prepaid program may not be the right answer for you, and that’s OK! We offer no-commitment programs that reward you for the travel you’re already doing. Whether you’re just getting your business off the ground, fulfilling big expansion plans, or simply looking to be more strategic with your costs, our team has a travel solution for you. Our programs and benefits are custom built around the needs and challenges of small-midsize businesses, and we’re excited to work with you in realizing whatever’s next.



Visit united.business/getstarted to learn more and tell us about your business travel needs. One of our travel consultants will be in touch to discuss your options. We look forward to talking with you.



CONTINUED FROM PAGE 5

a co-branded travel booking and management platform for SMEs. The BusinessToGo platform, announced to be in development late last year, provides direct access to flight content from the Lufthansa Group and its joint-venture partners as well as hotel, train and car rental content from TripActions. The content includes “attractive” New Distribution Capability offers from Lufthansa and TripActions’ negotiated hotel rates. The platform also provides reporting on duty-of-care and carbon emissions, management data and centralized billing.

First launched in Lufthansa’s home markets of Austria, Germany and Switzerland as well as Belgium, additional markets will be added “successively” as well as additional features including upgrades, corporate products and additional languages, according to the companies.

Australia-based travel management company **Corporate Travel Management** in July acquired **1000 Miles Travel Group**, a travel agency that focuses on SMEs via an independent-consultant setup. 1000 Miles predominantly does business in Australia and the United Kingdom, according to CTM, through a “network of independent travel experts specializing in SME business travel services.”

“1000 Mile Travel Group is a highly successful business that has crafted a unique value proposition for those agents wanting to not only manage their own SME portfolio from home, but also grow that portfolio and provide services demanded by corporate clients,” according to CTM founder and managing director Jamie Pherous. The acquisition was valued at about US\$1.38 million.

Flight Centre Travel Group, the parent company of TMCs FCM and Corporate Traveler, at the very end of 2021 fully acquired **Shep**, a software company that targeted SMEs with browser-extension based communications that began as an open-booking solution that evolved into a flexible notification system that overlaid messaging on health, safety, entry and exit guidance, policy and decision support. Flight Centre in late 2019 had taken an undisclosed minority stake in Shep.

That move came a few months after Flight Centre’s Corporate Traveler brand launched Melon, a proprietary booking, travel management and mobile platform geared toward SMEs. That platform offers traveler-facing functions including a booking tool and trip management features, along with manager-targeted controls and duty-of-care and data analytics capabilities, all designed to be equally accessible via desktop and mobile, or a combination of those two channels. ■

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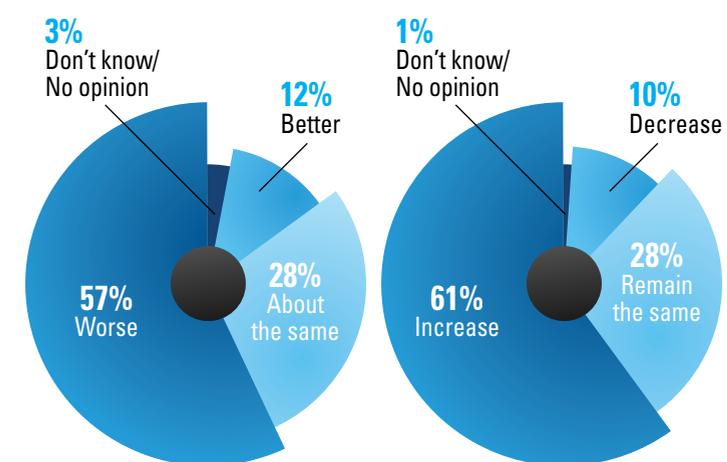
VICE PRESIDENT, DATABASE PRODUCTS
ELIZABETH KOESSER

Data Hub | ASSESSING SMEs' ECONOMIC OUTLOOK

Small and midsize enterprises may have led the recovery of business travel from the depths of the pandemic, but their confidence in the overall economy and their individual businesses will dictate whether that rebound will accelerate, stagnate or even reverse. But while their economic projection has soured notably in recent months, they generally remain confident in projecting higher revenue for their own companies.

Pessimistic on Economy, Optimistic on Sales

Expected U.S. economic conditions (left) and projected corporate sales (right), next 12 months



Source: WSJ/Vistage May 2-9 Small Business CEO survey of 604 respondents

Inflation Tops Covid as SME Concern

Ranking top three business worries

Small	Percentage
Inflation	73%
Uncertainty related to Covid-19 or related outbreaks	35%
International conflict	28%

Midsize

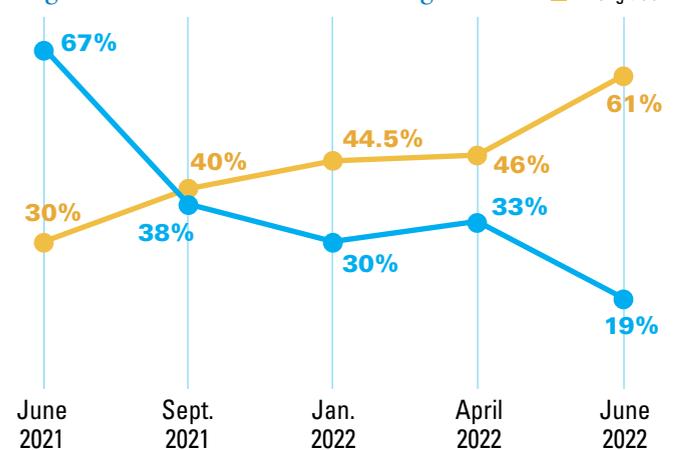
Inflation	37%
Uncertainty related to Covid-19 or related outbreaks	36%
International conflict	30%

* Small companies have annual revenue of \$500K to \$10M; midsize companies have annual revenue of \$10M to \$500M

Source: Umpqua Bank April 13-26 survey of 476 midsize and 776 small businesses

Small Businesses Dour on Conditions

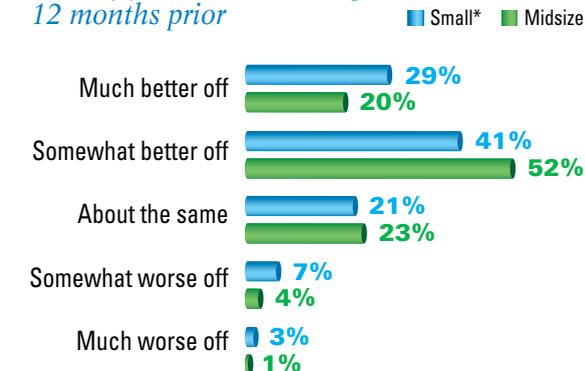
Do you think things in the U.S. are moving in the right direction or are on the wrong track?



Source: Goldman Sachs/Babson College/David Binder Research June 20-23 survey of 1,533 U.S. small business participants and similar prior surveys

Most SMEs See Business Improvement

State of your business compared with 12 months prior



* Small companies have 100 or fewer employees, midsize companies have 101 to 500.

Source: Verizon Business/Morning Consult March 11-21 survey of 1,033 U.S. SME owners and decision-makers



SMEs Weighing External Factors in Travel Spending Decision-Making

Halfway through 2022, small and midsize enterprises are wrestling with several strong but conflicting market forces that are challenging executives to assess the economic terrain, forecast future conditions and make decisions on internal spending, including travel. Executives at small and midsize companies must contend with persistent inflation, some continued supply chain woes and stubborn staffing and retention issues. On the other hand, sales for many companies have bounced back and Covid regulations have been dropped, allowing for some business activity to approximate a pre-pandemic footing.

BTN managing editor Chris Davis in early July spoke with Marc Snyderman, a business consultant who specializes in growth strategies for small and midsize enterprises as well as an attorney and former C-suite executive, to discuss SMEs' approach to the market and how their projections might affect spending decisions. An edited transcript follows.

CONSIDERING THE VARIOUS MARKET FORCES RIGHT NOW—SOME RECOVERY FROM COVID, SOME RECOVERY IN SALES, BUT STAFFING SHORTAGES AND INFLATION—HOW ARE YOUR TYPICAL SMES HANDLING IT?

It's tough. I would say they're pretty cautious. People were really excited coming out of Covid that things were going to start moving, and you started to see movement in the market. You started to see some travel. You started to see things pick up, and quickly Wall Street cratered, and the economy went



SME consultant Marc Snyderman talks:

- SMEs' cautious approach with pockets of aggression
- How U.S. elections could change SMEs' plans
- The metrics SMEs will use to assess their environment

into this ... whatever you want to call it, stagflation or whatever we're going to call it right now, and it's really changing the way people are thinking.

I've seen a bunch of deals that I thought were going to happen go completely dead. I think people are a little afraid to put money to money into the markets. They're afraid to buy equipment and figure out where they're going to go, because nobody really knows. There's a lot of talk that we're headed into a recession or something worse, some kind of extended recession. Some of the smaller businesses are definitely afraid right now.

I have a client who runs a landscaping company. He's had trouble finding labor now for three full years, and you just get to a point where you shrink your business back to, "I'll only do what I can do." He's got more calls coming in than he can handle jobs, and he won't even take deposits because he doesn't know when he's going to get materials.

It definitely has created a very cautious environment, I would say. I have clients that are full-tilt, but they're on the larger end of the SME market. They're full-tilt because they have the advantage of all the Covid relief funds that they got. Those things put them in a position where some of them are being highly aggressive and acquiring other companies, acquiring properties. They're really going after it.

DOES THAT VARY BY SECTOR AT ALL?

It's in the services industry that I'm seeing it. On the manufacturing side, not as much. I'm seeing some consolidation in manufacturing, actually, where larger entities are buying them up or private equity is. But the private equity market's going to start drying up a bit as well with funds becoming less available.

HOW DOES THIS CAUTIOUS ENVIRONMENT TRANSLATE IN TERMS OF LOOKING AT FUTURE PLANS AND STRATEGY? IS IT MORE ABOUT RETRENCHMENT?

I think there's going to be a lot of wait and see, because people are worried. There's been talk of a collapse in the housing market, and I even thought it would be a lot sooner than has been, because there are still hundreds of thousands of mortgages that are in danger right now of default. It's more than what happened in 2008. But '08 was different because it was all backed by securities, so when that collapsed, it was a domino effect. You don't have that same problem these days, but you still have a huge problem in, when is this market going to cool down? I think things will start to normalize themselves as mortgage rates go up, because they have to. They have no choice.

Overall, I think everybody's going to wait on the midterm [elections] at this point. I think that's going to start to determine where things are going to really fall out. Realistically, how much of an effect are the midterms really going to have on our economy and everything else?

WHAT ARE THE DIFFERENT WAYS THAT CAN GO? IF THE REPUBLICANS FLIP CONGRESS, HOW MIGHT THAT CHANGE SME PERCEPTION OR STRATEGY?

I think they'll be more confident, whether it's legitimate or not. I think there'll be some more confidence in the market. There's been so much that's moved towards the left in term where the money's going and how much money is going out versus what's really creating market opportunity. That sounded like I'm Republican, and I'm not. [Laughs]

GIVEN ALL THIS, WHAT SHOULD WE EXPECT IN TERMS OF INTERNAL SPENDING ON TRAVEL AND OTHER BUSINESS NEEDS?

In terms of internal spend, like travel and marketing dollars and all those kind of things, the year before Covid, I think I traveled 36 weeks. If I travel 15 weeks this year, that's going to be a lot. And I think that's consistent across the board from people I speak to and from people I know that travel a lot.

"The year before Covid, I traveled 36 weeks. If I travel 15 weeks this year, that's going to be a lot. And I think that's consistent across the board from people I speak to and from people I know that travel a lot."

DO YOU THINK THAT'S PERMANENT?

I think there's a permanence to some of it, unfortunately. I don't think it's a good thing. I do think that there's something to be said that we all found a way to be more communicative and be able to hold certain meetings virtually, but there are certain meetings that still need to be in person. And I think not having enough events and conferences is not going to be good. I think they truly lose something over virtual that can't be replaced. You're not going to replace a 1,000-person conference with a 1,000-person virtual meeting. It's just not the same thing.

BEYOND THE MIDTERMS, WHAT ARE THE METRICS OR SIGNS SMES MIGHT LOOK TO HELP ASSESS WHAT'S COMING?

From my perspective, some of them will say they look at the market, which is a terrible place to look, because the public markets, aren't really indicative of what's going on, and they haven't been indicative of what's going on on Main Street in years. They're almost polar opposites. Main Street was falling apart during Covid, and the markets were flying. So they're not good indicators, at least not in the past decade or so. To me, the biggest indicators are really unemployment and banks. Are the banks going to loan money? Are they willing to step out and support? If interest rates go up too much, there's no money.

As long as money's cheap and money stays cheap, small businesses can survive on that. And you need the labor market to switch up a bit, and we have seen some of it. We're definitely seeing more candidates available, more people working and willing to take those lower-paying jobs than they ever did before, because all that extra money that they made during Covid for sitting at home not doing anything is gone. And now they have to work again, which is a good thing. And I think that will help stimulate the market back, some of the small businesses to get back to where they need to be. ■



SME SOURCING TRENDS HOLD STEADY DESPITE INFLATION

BY DONNA M. AIROLDI

Small and midsize enterprises continue to lead the way for business travel's recovery from the Covid-19 pandemic, even in this inflationary environment. But while prices for air travel, hotel stays and car rentals have increased, that doesn't mean buyers are significantly changing how they source their programs.

Most travel buyers, travel management companies and consultants told BTN generally that it remained too soon to identify new procurement trends, as many companies continue to ask for contract rollovers and aren't confident in using current data for negotiations.

"I don't have the right information to negotiate," said a travel buyer for a midsize investment banking firm that has mostly extended prior supplier agreements. "I'm not a large buyer right now. I don't feel comfortable with the data yet, I would end up losing. 2021 was too shaky. Let's get through 2022, and by that point, 2022 data will be a more accurate reflection [of our travel]."

The buyer, who asked to remain anonymous, added that suppliers likely wouldn't roll over rates forever: "Past 2022, I don't think I'll have that ability anymore."

Even with general rollovers, one of the buyer's airline partners reduced its discount percentage. "To be fair, we weren't meeting our share goals prior to the pandemic," the buyer said. "I didn't love it, but I don't have the data to fight. Should they have left it like the other carrier? I think it was silly to adjust at all, but I don't have the leverage, and I didn't want to open the door to the other things they might change."

Another challenge has been volatile volumes.

"We all made good predictions when we thought volume would come back and to what degree," said EAB VP of business solutions Steven Mandelbaum. "We all got that wrong."

He explained that there was an expected ramp-up last fall, which was

interrupted by the outbreak of the Covid-19 delta variant. After a late 2021 improvement, the omicron variant emerged, "and travel dropped more than with delta," Mandelbaum said. "Predictions went out the window. Volumes are hard to predict. I still source fundamentally the same way. It's not a great time for making long-term plans. Travel patterns are in flux. Product offerings from suppliers are in flux. Prices definitely are in flux. It's very volatile. When put all together, it's hard to optimize something where you only have variables."

Mandelbaum added that his travel budget was looking good the first three months of the year, when both travel and prices were down. "Then came April and May, and prices shot up, so all the savings you thought you were getting started to be erased," he said. "Across a year it works out because of the peaks and valleys. I don't know what to make of next year. If prices stay high, it becomes a different situation."

Still, despite some buyers noting they again have rolled over agreements, GoldSpring Consulting partner Neil Hammond expects there to be a "far more robust traditional hotel sourcing season" for 2023 programs.

"Hotel pricing has returned," he said. "We've seen a huge amount of inflation, labor shortages, and we've seen a certain percentage of hotels that have closed. The hotels therefore have been able to adjust their pricing accordingly. As a result, this is the first year the market will expect some tangible increases in the hotel space. Buyers are going to have to engage in a traditional manner to decide, either we flip them to dynamic and measure in a different way, or we try to mitigate these increases."

What "traditional" means is changing, though, as more companies moved to dynamic

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rates during the pandemic, and that trend is continuing, Hammond said. “Buyers realized their usefulness when negotiated rates were higher than market rates,” he added. “But dynamic rates still have a long way to go.”

A SHIFT TO PROGRAM VALUE

Hammond also noted that SMEs are more likely to reengage with partners and fill in the gaps in their programs, looking at supplier loyalty offerings and the value of membership and relationship benefits. Buyers should make sure travelers sign up for supplier loyalty program membership, he added, “so they can have the most frictionless travel experience possible. What’s best for smaller companies is to get what you can out of the relationship components that will ease things for travelers.”

CTM COO of North America Maureen Brady concurred that some SMEs are turning to their travel management companies to assist with enhancing their programs. “On the air side, it can be various frequent-flyer points or status for top travelers, or they’ll look to us to provide other funds, be it for changes or for refunds,” she said.

When asked how SMEs were handling rising prices, she said it’s a concern, “but an even bigger concern are the airline cancellations and delays,” she said. “I don’t know a single client not talking about what is happening with service delivery.”

GETTING CREATIVE

Sourcing trends, not surprisingly, vary by organization. One pharmaceutical company launched a global airline RFP for North America and Japan, whereas previously each region had its own contract.

“We decided to take a different approach and strategy and leverage our global footprint on airline spend,” said Otsuka senior corpo-



“It’s not a great time for making long-term plans. Travel patterns are in flux. Product offerings from suppliers are in flux. Prices definitely are in flux. It’s very volatile.”

—EAB'S STEVEN MANDELBAUM

rate travel and expense manager Danielle Amoroso. “We aggregated all the data and approached the airlines with that negotiating power behind us versus the negotiating power we had just on behalf of North America. We’re in round one, so I can’t speak to the results just yet.”

Amoroso also is getting “more creative” with negotiating. For example, Otsuka is looking at the potential to pay an airline a predetermined amount up front and secure a flat rate on two or three particular routes, with a set period of time to use that pre-paid funding bucket, Amoroso said.

“We had never looked at that pricing model in the past, especially because as an SME you don’t know if you have the buying power, and you don’t necessarily get the funds back if you don’t use them,” she said. “There are no decisions made there, but we are looking at different pricing models and structures.”

In addition, Amoroso happened to have negotiated a flat-fee agreement with her TMC just prior to the pandemic, so Otsuka’s dedicated travel agents have remained intact, resulting in very little service disruptions in her TMC support post-pandemic, unlike what some other companies have reported experiencing.

For hotel sourcing, Amoroso is a “big believer” in dynamic pricing and looks at static rates only in a few key markets, where she might contract just one or two properties. And with dynamic pricing, she wants two-to-three-year agreements. “There is limited bandwidth and resources to conduct an RFP every year,” she said, adding that those resource costs add up. “You need to calculate the savings of not conducting a yearly RFP.”

Where she has a roadblock is with one major hotel supplier and its refusal to offer chainwide agreements. “It’s difficult because of employee preferences,” Amoroso said. “To tell them they can no longer stay [at a particular hotel] or that they have to stay at a property that is not their preference, it doesn’t bode well for recruitment.”

To try to overcome that, her strategy is to focus on specific brands within that hotel company. “I don’t know where we’re getting with that conversation, but the more and more that clients ask for that, [the hotel company] is going to have to listen,” she said.

For ground transport, Amoroso renegotiated her company contract with her preferred supplier when she saw the surge with rental car prices happen much earlier than hotel and airlines. “We took the time to renegotiate the agreement to maintain our corporate rates, our static rates,” she said. “That was super helpful.” Also, because Otsuka’s reps have fleet vehicles, she negotiated rates with airport parking vendors.

Still, like other buyers BTN spoke with, Amoroso also asked for some contract extensions, “to give me another year to recognize our new travel patterns and footprints,” she said, “so that I can negotiate accordingly.”

Relationships Are Key: DRIVING SUCCESS FOR TRAVEL MANAGERS

“I’ve come to them with some crazy challenges, and they always help me find a solution.”

—Stacy Hiron, The Hershey Company

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Enterprise and National are everywhere business travelers need to be. With an unparalleled network of neighborhood and airport locations in more than 90 countries and territories worldwide, Enterprise and National instill confidence that employees have reliable transportation to make that site visit, close that sale or oversee that event.

When Stacy Hiron manages rentals for one of the 6,000 traveling employees from The Hershey Company, she knows she can rely on Enterprise to help her navigate the process.

“As a travel manager, you’re often pulled in multiple directions,” she says. “Sometimes employees need to fly to one location, then drive to the next and drop their rental off before flying somewhere else.” Hiron says the Enterprise and National teams are instrumental in helping her manage rentals, wherever her employees are traveling.

Enterprise and National provide a vast selection of vehicles. As part of the world’s largest car rental service provider, Enterprise and National access a fleet of more than 1.5 million vehicles. Travelers enjoy the satisfaction of choosing from more than 300 makes and models.

Travel managers also appreciate Enterprise and National’s extensive network of airport and neighborhood locations. Nearly every week during the 10-month drag-racing season, Mandy Hunt, senior manager of travel services at the National Hot Rod Association (NHRA), makes about 40 reservations for the 150 employees who travel to produce that week’s race.

“We have some racetracks that are in pretty remote places,” Hunt says. “Enterprise and National have the vehicles we need at locations both on and off airport — everywhere we have events.”

Enterprise and National offer corporate travelers membership in Emerald Club, an award-winning loyalty program. When members reserve a midsize car, they can bypass the counter, go right to the aisle, select the vehicle they want and drive away. Travel managers benefit from policy compliance and no unexpected base rate upgrade charges.

According to Dean Chase, Enterprise account manager for NHRA, Emerald Club membership benefits help drive employee engagement and improve the employee traveler experience. Working in conjunction with clients

like Hunt, he says, “we’re always looking to get employees enrolled in Emerald Club to help make their process as seamless as possible.”

Enterprise and National dedicate an account management team to each customer. When corporate travel managers need support for their rental program, they can’t afford to wait. With Enterprise and National, they gain a dedicated account manager who understands their business.

“The partnership Enterprise and National provide is invaluable,” Hershey’s Hiron says. “I’ve come to them with some crazy challenges, and they always help me find a solution.”

Hiron says she and her account manager, Brent Jones, regularly bounce ideas off each other and find new ways to drive efficiencies and cost savings.

What she values most? The customer service and diligence. “I have the utmost confidence that when I reach out to them,” she says, “they’re going to do everything they can to help me out.”

National and Enterprise are top ranked among corporate travel managers. The two providers placed No. 1 and No. 2, respectively, in the BTN 2022 Car Rental Survey, which rated performance in criteria such as ease of booking, account manager relationships, quality reporting and overall value.

Visit [enterprise.com/business](https://www.enterprise.com/business) to see how the Combined Power of Enterprise and National can help meet your company’s transportation goals.



DEMAND, AVAILABILITY CHALLENGE EUROPE'S SMES

BY ANDY HOSKINS

Agile and less burdened by processes and procrastination, small and midsize businesses spearheaded the return of European business travel, according to the consensus of travel management companies and suppliers as the industry emerged from the pandemic.

Now, as the industry lurches from one crisis to another, are SMEs' attitudes to travel changing when faced with a climate of disruption, TMC staffing shortages and rising costs? The jury is out.

"High demand, reduced availability and price hikes in all walks of life are driving a renewed cost focus for SMEs," Reed & Mackay director of global client experience Max Hensser said of the travel management company's small and midsize customers.

Some are cutting travel back over the summer months to avoid disruption, he added, but said "far more" are turning to the TMC for help "navigating the current disruption and securing the greatest value from their spend."

Focus Travel Partnership chief executive Abby Penston, whose TMCs serve largely small and mid-market clients, believes short-term concerns will give way to continued recovery.

"Some SMEs are being put off travel in the current circumstances. They're frustrated by it, absolutely, and some of the prices out there right now ... it's just not sustainable," she said.

Nevertheless, Focus members are still forecasting "the normal autumn upsurge" in business travel, said Penston, while Tim Fitzgerald of Travel Counsellors, who has some 30 SME organizations on his books, said the autumn is "already looking insanely busy."

"For the last four months I've been trading at an almost identical level to 2019 as a franchise unit, but a third of that is new business, so there's still a big hole for some companies. Some are traveling at 120 percent [of pre-Covid volumes] and others are at 20 percent. It's impossible to generalize," he said.

"I don't think SMEs are necessarily going to travel less in the long term, but I do think there's less discretionary travel among small businesses now. The

focus is on value, sustainability and duty of care," said Fitzgerald. "Trips will always be signed off if the potential return on investment is significant enough. You're endangering your own business if you're not seeing key clients or meeting potential new business."

But rising travel costs are making some companies think twice about traveling, he said. "I think the difference is that if you had to jump on a plane to Hamburg tomorrow it would cost you £700 right now—if you can get a seat—so you'd expect it to be business-critical, whereas pre-pandemic it would have cost £200 and you wouldn't have given it a second thought."

One SME travel manager has "scaled back on what we do" after an initial surge in business travel but added that was due to increasing scrutiny of trips and made them no different to many companies, regardless of their size, the travel manager told BTN.

"I've been pushing internally not to look at trip savings but instead to focus on what we're getting out of a trip—the ROI," the travel manager said. "If a trip is necessary but not urgent, then I can see a lot of people putting off trips to the autumn given some of the disruption we're seeing."

THE BUYER'S VIEW

Staff shortages have been evident throughout the travel industry and across Europe, with much made of slow response times and declining service at some travel management companies. Some commentators have gone as far as to suggest larger TMCs will be concentrating their efforts on their larger customers right now, leaving SMEs more prone to slipping standards than others.

The U.K.-based SME travel manager said critical travel had continued during the pandemic "when service was fantastic" but

now "travel is coming back in a big way and service is considerably worse."

The company's travel manager, who wished to remain anonymous, has had a change of account manager foisted upon them and seen response times stretch out, but did not attribute that to their diminutive nature amid a sea of large corporates at a U.K. top-10 TMC.

"I don't necessarily think we're having a tougher time of it than larger companies," the travel manager said. "But from talking to other travel managers, some do feel that TMCs might be deprioritizing smaller customers so they can focus on bigger companies."

The buyer's previous account manager is among innumerable TMC staff to have jumped ship this year as agencies outbid each other in the race to recruit experienced hands.

"We appreciate the rapid return of business travel has caught a lot of people out. Every TMC is having to adjust to the additional work involved in every booking right now. What's been interesting is the different communication levels among TMCs," they explained.

"Ours has been quite transparent about staffing issues but only after we started jumping up and down about it. Now they're letting us know what they're doing and how many staff they've recruited each week, but it takes time for [new staff] to learn about us and our particular needs."

The company, which initiates most bookings by email, said response times at the TMC have stretched out considerably. "We're used to sending an email at, say, 8 a.m. and hearing back by 1 p.m. Right now, it's often more like 1 p.m. the next day. Our normal [service-level agreement] is a two-hour response, but we're not going to penalize them. They're taking action and being transparent," the travel manager said.



"I don't think SMEs are necessarily going to travel less in the long term, but I do think there's less discretionary travel among small businesses now. The focus is on value, sustainability and duty of care."

—TRAVEL COUNSELLORS' TIM FITZGERALD

"All TMCs are in the same position and our travelers are generally sympathetic of what's going on. [Travel disruption] is all over the press at the moment." Has serviced slipped to a level at which it is considering its future with the TMC? "We'll probably extend [our contract] again. For us, it's important to maintain continuity and confidence for our travelers as we get going again."

RECRUITMENT WOES

With the swift recovery of business travel, Focus' Penston conceded many TMCs have struggled to recruit to the necessary level. "Many now have the staff they need but onboarding them doesn't happen overnight. They have such a big skill set—you can't just flick a switch. We certainly heard a lot of noise a few months ago, but it's stabilizing now."

The surge in travel also has caught airports and airlines out, with the knock-on effect of well-documented disruption creating extra work for TMCs and exacerbating staffing issues.

Tim Fitzgerald of Travel Counsellors said: "If you took 10 minutes to manage a booking [before], it's now more like 20 to 30 minutes because of all the schedule changes, cancellations and other factors involved."

"I used to get a couple of flight changes on a daily basis and occasional cancellations. Now the cancellations are daily. Some of them are quick to fix, but if there's no other obvious options or everything's full, it's a problem. A lot of TMCs are really struggling because they can't get the headcount back in and trained up quickly enough."

American Express Global Business Travel U.K. vice president and general manager Rachel Tonge said the company's "robust recruitment program is progressing well" and it has also launched a U.K. apprenticeship scheme offering on-the-job experience and qualifications. Its first 20 apprentice consultants will join the company in August.

The staffing problem is certainly not unique to large TMCs, with Simplexity Travel Management among the many agencies actively recruiting. "The challenge we have is purely down to staffing," said Simplexity head of business development Mark Smith. "We need experienced people, and we just can't find them and get them onboarded quickly enough."

He added: "We didn't lay anybody off during Covid and we still need to hire now. The [travel] requests are coming back thick and fast, but people are now taking annual leave, and there's a lot of Covid about," causing absences.

Smith argued that "it's all very well a corporate jumping ship from one TMC to another but everyone's facing the same staffing issues. We don't want to take on business that we can't service because it makes us look bad. We have to manage growth carefully." ■



Ashley Furniture travel manager Connie Pronschinske



Benefitfocus travel manager Beth Ann Holbrook



Dynatrace global travel and meetings manager Karen Springfield Heslin

MANAGING NEW PRESSURES IN A KNOTTY TRAVEL REALITY

Small and midsize companies have returned to travel at different speeds. But travel management in the small and midmarket no longer is about Covid-19 restrictions. New pressures like expanded responsibilities, intensive traveler re-education efforts and high travel costs are taking center stage. Ashley Furniture travel manager **Connie Pronschinske**, Benefitfocus travel manager **Beth Ann Holbrook** and Dynatrace global travel and meetings manager **Karen Springfield Heslin** spoke with BTN editorial director Elizabeth West about current travel program complexities in the midmarket as well as opportunities and expansions underway.

EACH OF YOUR COMPANIES DECREASED TRAVEL SIGNIFICANTLY DURING THE PANDEMIC. TELL ME A LITTLE BIT ABOUT THAT DYNAMIC AND WHERE YOUR COMPANIES ARE NOW.

Beth Ann Holbrook: Benefitfocus, because we are a benefits software-as-a-service company, has a definite high season for travel, which is in the summertime before open enrollment. Right now, I'd say we're still considerably below our 2019 travel volume for that period.

Connie Pronschinske: Ashley Furniture reduced travel during the pandemic—particularly at the height of the pandemic, when we really did cancel all travel. Outside of that window, we did continue to travel at what we called “restricted essential travel.” We had lower volumes, but it was important for our business to maintain travel to support a number of our facilities, and it proved important to our travel partnerships. Now, we've ramped up travel to essential travel, which includes our

sales teams, but we are still keeping an eye on travel levels.

Karen Springfield Heslin: Dynatrace has really grown as company during the pandemic. There's been a huge demand for travel in the past six months since we reduced restrictions. I was brought in to build a cohesive travel program that was spread across nine agencies globally and didn't really have a single global travel policy or robust duty of care plan. I'm currently in the [request-for-proposals] process to consolidate our program with one or two travel management companies so we can have better reporting and better overall management. As closely as I can track it at this point, our spend is a little more than it was in 2019, but we are also now a larger company than we were.

IT'S AN INTERESTING TIME, WITH HIGH TRAVEL COSTS COMING RIGHT OUT OF DEPRESSED PANDEMIC BUSINESS TRAVEL VOLUME. I GET THE FEELING MANY SME

FIRMS WERE READY TO TAKE THE BRAKES OFF TRAVEL, BUT THEN CAME UP AGAINST RISING COSTS.

Pronschinske: That's exactly what happened with us. We actually were ramping up and saying, “Get back on the road!” And then when the rates started increasing—food prices increased, everything increased, you know, supplies, everything—we just kind of took a step back and to keep an eye on how we are traveling and still limit it to those essential travelers.

Holbrook: Over the past two years, we've been more flexible with requests for people who did travel during the pandemic. For us, it was critical for them to get where they were going, and our volumes were low enough that some extra costs to ensure safety and security may not have registered as significantly to the budget. Since we've moved away from that interim pandemic travel policy—some of which I think we will keep, because they were good changes to travel

approvals and some other things—but since we've basically moved away from those restrictions and have more travelers on the road, we are more cost-conscious.

Springfield Heslin: There are a lot of complications right now, and the expense of travel is one of them. I do think there is a huge demand from travel—internal travel included—to see your clients, see your teams after all this time. We have to manage the cost of all that now. Once the dust settles, we have tools like virtual meetings and Zoom and other platforms that will help mitigate travel costs and we'll need to put policies in place around when to travel and when travel can be avoided. With policies like that, I think there may be the possibility [for] higher-quality travel, but maybe the quantity of trips is lower than before.

HOW DO YOU SEE YOURSELVES POSITIONED WITH SUPPLIERS IN A TIME WHERE HIGH COSTS SEEM TO BE PREVAILING?

Holbrook: Most companies in our industry are up against 2019 volumes that simply aren't back yet, and so naturally we've lost ground with some partnerships. But our partners have been great and as our travel increases, we're able to rebuild.

Springfield Heslin: The fact that [the company] is growing by 30 to 35 percent annually is putting us in a great position to negotiate with TMCs as well as hotels. It's an opportunity for potential partners to get in on the ground floor to build the relationship with us. Eventually, we will negotiate with airlines, but I would like to give it time first, so I have a better idea of our total spend and leverage.

Pronschinske: During the pandemic, we did actually go back to all our

suppliers and reduce our costs because we still had that essential travel out there. [We were able to] reduce our hotel costs and some other areas as well. That said, I just had a big day with our vendors last week. And I knew it was coming, but they have to increase their rates. Ashley may have more of an advantage over companies that couldn't maintain volume during the pandemic. I'm expecting we'll probably have a small increase, but we probably will have offset that increase when we [initially] negotiated rates down.

WHAT ABOUT TRAVELERS GETTING BACK ON THE ROAD? I'M HEARING ABOUT A LOT OF RE-EDUCATION.

Holbrook: Before the pandemic, everyone knew what they were doing and where to go and how to get questions answered if they had them. Now it's back to more manual [assistance] where I'm helping people do more manual things than I ever did before.

Pronschinske: We continue to drive our travelers to preferred vendors during the pandemic, so I don't see a real need to re-educate them about [that]. But we do need to communicate better with them now because of the complexities they will encounter on the road. We've been working with our travel management company, Fox World Travel, and they did a wonderful job helping us build better communications about tips and tricks travelers will need for their trips. We've also had discussions with them about getting information to travelers at the right time, leveraging mobile devices. So we are working on some new things.

SPEAKING OF TMCs, WE'VE BEEN HEARING MIXED FEEDBACK ON SERVICE LEVELS OVERALL. WHAT HAS BEEN YOUR EXPERIENCE?

Springfield Heslin: I've actually made this one of the first questions on my RFP: How are your staffing levels, and how are you servicing clients right now? We are finding our current largest provider is having service issues. We've inquired about a VIP program, and they've been honest with us that they can't offer it to us right now. I mean, they were very honest and candid, which I appreciate because that's a better way to do it. They just don't have the staff.

Holbrook: If you had asked me this question a month ago, I would have had a different answer, but I am seeing improvement month over month with our travel management company. We've always had a great relationship with them and being the only travel manager at my company, I've really relied on them through this time.

HAS YOUR ROLE CHANGED STRATEGICALLY IN YOUR COMPANY COMING OUT OF THE PANDEMIC?

Springfield Heslin: I've been with Dynatrace for six months, but I can tell you that the importance of managing travel has changed and that the company wants to look at travel much more strategically. It's motivated by a lot of factors, but that's why I'm here. It's an amazing opportunity for me to build something new and effective.

Pronschinske: I worked more closely with our department VPs during the pandemic, and I'm finding that they continue to be interested in travel—maybe because travel costs are so much higher now. But they come to me much more often for reporting to help support their business and they understand the value of travel management as a resource now more than they did before. ■



SME TRAVEL DEMAND BOOMS UNDER LIMITED RESOURCES

BY MICHAEL B. BAKER

Travel management companies are reporting a marked increase in interest from small and midsize clients looking to newly implement managed travel programs. Yet, as the post-pandemic world has enhanced SMEs' managed travel needs, it's also introduced some new challenges for companies looking to get such a program going.

In the early days of travel rebound from the Covid-19 pandemic, suppliers frequently cited SME companies as the driving force of the revival, and they remain ahead of larger companies in terms of total recovery. In comparing pre- and post-Covid budgets, TravelPerk—which has about 70 percent of its business in the SME segment, which it defines as between 50 and 2,000 employees—reports its SME client budgets are currently 10 to 15 percent lower than pre-pandemic levels, while larger clients remain down between 30 and 35 percent, chief revenue officer Jean-Christophe Taunay-Bucalo said. It might sound odd, but the faster recovery actually stems from SME frugality, he said.

“They’ve always been quite cautious with travel, because they don’t have money left, right and center, so they didn’t have that much they can cut,” Taunay-Bucalo said. “They actually need to travel, whereas with enterprise customers, there are probably a few trips that shouldn’t have existed.”

OFFICE EXODUS

Just because SME travel has rebounded at a faster rate does not mean that those companies are returning to the office at a faster rate, however. TMCs report their SME clients by and large still are operating with a good portion of their employee base working from home.

Ben Hobbs, VP of customer success at Flight Centre Travel Group’s SME-focused Corporate Traveler division, said “definitely a majority” of his clients have hybrid working arrangements, with the exception of those whose jobs require them to be in person—biomedical research companies that need its employees in labs, for example. Greg Ross, senior director of relationship management at AmTrav Business Travel, reported a similar trend, saying his team has started meeting with clients in person again, but they must be selective which days they go to their offices because “the bulk are hybrid.”

“We don’t have any of them that are going back to 100 percent in the office,” Ross said. “We still have a few that are 100 percent work from home.”

Fox World Travel director of client solutions Tina Husemoller also said that she is still seeing “many of our customers offer hybrid schedules, and some are working 100 percent remote.” Those on the hybrid side are doing office renovations to make it a more open environment, taking away cubicles in favor of first-come, first-served desks and keeping social-distancing practices to make employees feel comfortable as they return, she said.

As such, SME travel programs are dealing with issues parallel to those of larger programs, seeing increased internal travel to make up for less ability for in-person office interactions. Hobbs said he saw a “huge wave” in the second quarter of clients getting together for sales kickoff events.

“We’re seeing extended trips, for longer periods of time, combining team meetings and client meetings or having several client meetings during the same period,” American Express Global Business Travel VP of business development Terri Buscemi said. “That’s different than a few years ago, when we had a lot of same-day turnarounds.”

In some cases, SMEs already were moving to hybrid or remote workplace arrangements prior to the pandemic, but with larger companies widely adopting them, there is additional pressure on SMEs to offer such options for employees, TripActions EVP and general manager Nina Herold said. Otherwise, they could be at a disadvantage for recruitment.

“Just because they’re smaller doesn’t mean they don’t need access to great talent,” Herold said.

At a recent Fox client advisory board meeting, retention and recruitment were among the top-three needs, with duty of care and traveler

experience, Husemoller said.

The movement has been particularly prevalent in the tech space, with startups looking to raise funding and get off the ground but at the same time having teams that they need to get together for collaboration and planning. As in larger companies, SMEs are seeing shifts in who is traveling for business, with more travelers in roles such as engineering, product and marketing, Herold said.

As such, many SMEs are having to get back to basics with their employees.

“We’ve been getting requests to train people and help relaunch travel programs,” Hobbs said. “It’s sending targeted newsletters, industry updates, company updates and

“It’s not just technology any longer. You need a travel advocate out there, and the SME market is starting to realize that.”

—TAKETWO'S PAT FRAGALE

virtual trainings for customers as well.”

The end result will continue to push up SME travel volumes. “In some ways, we might end up with more business travel,” said David Mitchell, president of BCD Travel Mid-Market and president of World Travel Service. “People were quick to relocate, if the message was that the office was closing, so we’re seeing more demand for small meetings and doing things like training. In the SME segment, that business is booming.”

With more volume to manage, more companies are looking to outsource the travel management role or major events as they hadn’t before, according to Amex GBT’s Buscemi.

MOVING TO MANAGED MODELS

This shift is part of what’s driving more SMEs to pursue managed travel, the TMCs report. TravelPerk’s Taunay-Bucalo said about 75 percent of its customers come from what they would deem an unmanaged background. Similarly, out of AmTrav’s five biggest recent SME client acquisitions, three were either mostly or fully unman-



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aged prior to signing with the TMC, SaaS product marketing leader Elliott McNamee said.

"We've had a couple of wholly owned businesses that have had their best sales years ever, and a lot of that has been new managed business in the market," Mitchell said. "They were unmanaged or lightly managed, using multiple booking websites, and they realized they needed duty of care, policy oversight, help on managing unused tickets and the complexities of trying to deal with the suppliers."

SMEs seeking to implement a managed travel program are usually driven by one of three factors, Taunay-Bucalo said. A company's CFO might have a come-to-Jesus moment after a month in which travel expenses suddenly shoot to \$60,000 when they were supposed to be only \$20,000. Or, the person responsible for travel at the company—who, at most SMEs, will have other roles outside of travel management on their plate—will "get fed up with being a glorified customer assistant," dealing with calls from frustrated travelers at all hours of the day. The current increase in travel disruptions, with increased delays, cancellations and customer service waiting times as suppliers deal with their own return-to-travel difficulties is feeding that trend even more, he said.

"Their motivation is less about cost control and more about having a one-stop shop for travel," Taunay-Bucalo said. "They just want someone to take it away from them."

The third is simply those who are looking to have a central platform through which their employees can book travel, he said.

At the same time, the recent travel challenges are reinforcing the need of a TMC for SMEs beyond just providing a great platform, said Pat Fragale, who recently joined SME-focused startup TakeTwo Travel Solutions as president of North America operations. "It's not



"You may not need to work with a TMC, but you do need to have you house in order as far as knowing what your travelers are doing, where they are and having some form of control over it. There's no excuse now."

**— CONSULTANT
BEX DEADMAN**

just technology any longer," Fragale said. "You need a travel advocate out there, and the SME market is starting to realize that."

RESOURCE SHORTAGES

All of this is combining into a bit of a conundrum for SMEs looking to manage travel—as well as the TMCs that would like their business. With SMEs traveling more and needing more help with travel management, they might have access to fewer resources as TMCs work to rebuild their own staffs and just might not have the bandwidth for additional business at the moment. Even as TMCs return closer to pre-Covid staffing levels, their current clients' servicing needs also are higher, with a higher percentage of bookings needing servicing amid the disruptions.

"From a business demand perspective, it's huge," Corporate Traveler's Hobbs said. "If we could hire another 50 people tomorrow, we would, because we have the demand for it. We went, in the course of two years, from saying, 'We need business' to saying 'We can't take any more business,' so it's certainly been an interesting place to be."

Event planning is a similar challenge for SMEs. CWT Meetings & Events global head Ian Cummings said that because group demand has come back so fiercely, the priority has been around global business customers, and the TMC has to ensure it has the resources to service them. So, when SME customers who have done infrequent business inquire about help, they have to be turned away, and other agencies are doing the same, he said.

"We don't want to take stuff on and find out we're struggling for resources and doing a subpar job, so we're literally refusing business at the moment, which isn't ideal," Cummings said. "None of the sales team likes to hear that, because they want to bring everything on, but we have to be honest at this stage and say across the whole industry—airlines, hotels, production companies, catering companies—we're all suffering from a bit of under-resourcing."

The growth in SME travel presents a "massive opportunity" for TMCs, though it will ultimately require a shifting of models away from transaction-based pricing, which will always favor business from larger companies, independent travel consultant Bex Deadman said at the recent Business Travel Show Europe in London. In the meantime, SMEs might be looking for alternatives to TMCs—duty-of-care management companies, for example—but the trend toward managed SME travel will continue, she said.

"You may not need to work with a travel management company, but you do need to have you house in order as far as knowing what your travelers are doing, where they are and having some form of control over it," Deadman said. "There's no excuse now." ■

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Voice of the Traveler

SME COS. ACTIVATING TRAVEL FASTER THAN LARGE ENTERPRISES

More travelers at small and midsize companies (5,000 or fewer employees) are planning business trips in the next six months when compared to their large market counterparts (greater than 5,000 employees). The main differences between them are continued travel restrictions at larger companies and budget constraints.

J.D. Power in collaboration with the U.S. Travel Association and Tourism Economics from May 20-26 surveyed 2,545 business travelers about the recovery. Here are those travelers' insights on their current business travel plans and a number of reasons why they might decline business trips.

Will you travel to attend a customer, supplier or stakeholder meeting in the next six months?

	<5,000	5,001+
Yes	82%	74%
Not sure	18%	26%

Why aren't you sure?

	<5,000	5,001+
I have health and safety concerns about traveling	17%	14%
My company is currently restricting business travel	17%	30%
Company or department cost or budget constraints	22%	23%
Client or customer policies that limit visits to office locations	7%	6%
Videoconference substitutes for business travel	35%	35%
Restrictions on international travel	9%	10%
None of the above	15%	13%

Will you travel to attend conferences, conventions or trade shows in the next six months?

	<5,000	5,001+
Yes	82%	75%
Not sure	18%	25%

Why aren't you sure?

	<5,000	5,001+
I have health and safety concerns about traveling	16%	14%
My company is currently restricting business travel	20%	28%
Company or department cost or budget constraints	17%	30%
Meetings and conferences are not occurring	20%	19%
Virtual conferences available as in-person substitute	29%	39%
Restrictions on international travel	10%	6%
None of the above	12%	11%

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