



Ground Transportation Strategy Gains Profile in Covid-19 Era

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BTN's Covid-19 Learning Community

From April 15 to May 22, BTN hosted more than 50 calls with 200 leading travel managers in the United States and Europe to learn more about their experiences during the Covid-19 crisis and to provide a forum for buyers to exchange ideas and “next practices” as they considered return to safe travel strategies for their companies. This white paper is an outgrowth of these discussions, combined with additional field reporting to validate and extend many of the ideas shared in the buyer forum. Buyer comments excerpted from the Covid-19 Learning Community sessions may be offered without attribution, as BTN assured all call participants their contributions would remain anonymous, if needed, to support a candid and open exchange.

Executive Summary

As in all other travel categories, protection against exposure to Covid-19 has become a top priority in ground transportation programs for the foreseeable future. However, a smart ground transportation program itself could provide an avenue to protect travelers—or, at least, provide them with the confidence to travel.

Buyers should query ground transportation suppliers about their safety and sanitation protocols. Car rental and chauffeured transportation companies are providing “assurance” pledges, but buyers should also consider backing those up with service level agreements.

Passengers in any chauffeured vehicle should be prepared to wear a mask, if asked to do so.

Car rental companies may see a boost in the grand scheme of post-Covid business travel. With companies and travelers shying away from public transit and airplanes, drive-to business meetings and even small group transportation may become more attractive.

Travel managers may look at policy changes regarding what is permissible use of personal vehicles—allowing longer trips in personal cars to avoid the need for car rental or flights. The rate of personal car usage could affect volume agreements with both airlines and car rental.

Companies may reassess other mobility needs beyond business travel to see if a more robust ground transportation partnership strategy could realize savings by replacing, for example, vehicle leasing agreements.

“Safety has taken on a higher degree of importance than cost with regards to supplier relationship management as well as the RFP process,” said S&P Global director of global travel Ann Dery. “Obviously, everybody wants to contain cost, but you can’t contain cost at the expense of safety and cleanliness, and we are definitely going to be living in that environment for quite a while.”

Buyers are querying ground transportation suppliers about their safety and sanitation protocols. “Everyone is concerned that our protocols are as virus free as they can be,” said RMA Worldwide CEO Robert Alexander. Like all corporate travel suppliers, chauffeured ground transport is doubling down on cleanliness standards.

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Robert Alexander,
RMA Worldwide CEO

RMA Worldwide has been providing chauffeurs cleaning supplies to deep clean all contact surfaces and requiring drivers and passengers to wear face masks. Dav El BostonCoach has done the same in terms of upping the cleaning protocol between all passenger changes. According to the company’s website, all vehicles are sanitized with a “disinfectant spraying system using Vitula Biocide, the safest and most effective EPA-approved, non-toxic hospital grade disinfectant, which has been certified by the CDC for use against SARS-CoV-2, the coronavirus that causes Covid-19.” The company has not imposed a mask requirement for passengers. Empire CLS worked with International SOS to implement its new sanitization and health protocols. A video on the company website shows the step-by-step sanitization process that occurs between passengers. Empire CLS requires drivers to wear N95-rated masks and passengers are provided with individually wrapped masks if they do not have their own facial coverings.

But chauffeured transportation companies have been hit hard by the Covid-19 crisis. Empire CLS CEO David Seelinger revealed in April that business was down roughly 95 percent year over year, and the company had been forced to lay off 95 percent of its employees. Empire wasn’t alone in the struggle. As ground transportation suppliers recover from the demand plummet, however, they’ll have to prioritize resources to ensure sanitation protocols are enforced.

“We’re using this time as a time to reset the whole company system wide,” said Alexander. He outlined plans for implementing new software that would realize fleet efficiencies. “We’ll also be able to put some of that energy into the car experience and making sure those efficiencies are shifted to ensure [sanitization] protocols are put into place.”

Car rental companies are in a similar situation, with demand bottoming out in April at approximately 80 percent down year over year. Avis Budget Group laid off or furloughed nearly 70 percent of its global workforce. The devastation was enough to send Hertz into bankruptcy proceedings. The company laid off 12,000 employees and canceled most of its new car purchases. According to the state of Missouri, St. Louis-based, privately held Enterprise Holdings laid off more than 2,000 people in April.

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vehicle, and for car rental that has to cover the entire rental experience, not simply the sanitization of the car.

Avis has made the “Avis Safety Pledge,” in which the company asserted its “relentless commitment” to the safety of its customers and employees. The company website outlines the traveler journey through the car rental process that, depending on the vehicle pickup location, could be as simple as entering the facility and getting the car to something more complex at an airport location, which could include getting on an Avis shuttle bus, entering an offsite facility, standing in rental line at the counter, leaving the facility and getting into a car on the ready lines. In terms of vehicle sanitization, the company has a 15-point cleaning protocol and in June will begin using new chemicals to enhance effectiveness.

“We want to show in a very detailed way how prepared we are for our travelers,” said Avis Budget Group CEO Joe Ferraro. That includes preparing employees. “All of our employees have personal protection equipment, counter shields, social distancing,” he said. “Our people are well protected, and we have masks for customers if they want them. We take care of employees to make sure customers feel safe.”

Enterprise Holdings emphasized on its website a similar commitment to employee health and safety as well as enhanced employee training and sanitization protocols for both its facilities and its vehicles. Hertz is delivering cars to customers to avoid exposure at rental locations; German car rental firm Sixt also has leaned into a vehicle delivery strategy.

Both Uber and Lyft, which are struggling to achieve profitability as public companies and now face a roughly 80 percent decline in ridership, have invested in enhanced health and safety protocol. They’ve included technology options for monitoring behavioral adherence to policies like mask requirements and self-disclosures of symptoms, but much is left to individual judgment. Cleaning between passenger pickups seems to be recommended but not mandatory.

Will Drive-To Business Travel Dominate?

If car rental companies can keep their footing long enough, they may benefit from a shift away from air travel, according to corporate travel buyers and industry consultants. “There are a lot of people that feel like we’re going to get quite a bit of pushback from travelers not wanting to get on a plane,” one buyer told BTN.

Traveler fears of infection have made options like air travel and public transportation less favorable, according to ground transportation consultant David Kilduff. “Until it’s proven that seating arrangements and safety protocols equal you don’t get coronavirus, there’s going to be a lot of people opting not to take air travel,” he said, adding that public transportation may be a non-starter. “It doesn’t have the logistics or infrastructure to clean when everyone gets off,” and in the U.S. that goes for Amtrak service as well.

“I think most travelers will want to drive by themselves. They won’t necessarily want to get into a commercial vehicle—whether it’s ride-hailing, black car or taxi—and take a short flight when they can just rent a car and drive domestically,” Dery said.

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Joe Ferraro,
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Ferraro said he’s already started to see buyers adjust their travel policies in favor of driving. “Corporate accounts [are telling Avis that] for a meeting six hours away or less, they are encouraging people to drive,” he said. “We have locations close to many corporate campuses and many where we have cars on site, so we’re well positioned and prepared for that.”

In this drive-to scenario, the biggest competition for rental car companies may be personal cars.

“Most people want to use their own cars right now,” one buyer told BTN. “We had a procedure on whether it’s cheaper to use your own car or a car rental, and that’s been suspended.”

Another buyer was looking at how to make mileage reimbursement more flexible. According to the buyer’s current policy, travelers are personally reimbursed up to 200 miles one way. For trips farther than that, the traveler is required to rent a car. If the trip would take more than a certain number of driving hours, the traveler is required to take a flight. “That 200 miles is not going to be in effect any longer,” the buyer said. “Travelers may prefer to take their personal car out for a lot longer, [instead of] renting a car or boarding a flight. We’re giving travelers the flexibility to do that now.”

Kilduff said that will get old fast, for the driver and for the company footing the bill in dollars and productivity. “You’re going to see individuals drive, but that’s also expensive as mileage reimbursement, parking are included and it wears their cars down.” Kilduff said. “I think rent-a-car is going to benefit.

New Necessities

If car rental companies aim to provide a safe haven for corporate travelers, buyers will be looking for a touchless experience. That means a good mobile app that allows travelers to access cars at any location without having to engage in a rental counter exchange.

Ferraro said the Avis app has that enabled, but not at every location. His description outlined an airport arrival, but only for airport locations.

“By the time you land, the [vehicle] space number appears on the app. If you get to the car and you don’t like it, you choose another one. Then you drive to the gate, flash your driver’s license and you are on your way. Most of our commercial travelers have used it. We think the touchless product is an avenue that will help our customers feel safe and in control.”

Innovative fleet management strategies will also come into play. Which car rental companies are best positioned to provide touchless access to vehicles in off-airport locations? Will they deliver? And what technologies are coming into play to make sure cleanliness protocols are completed to spec? That goes back to RMA Worldwide’s Alexander, who spoke about software and technologies coming into play—and prioritizing those to be sensitive to sanitization procedures.

It remains to be seen which companies may come out on top, but buyers should be asking questions about how touchless the process can be. For corporates that can handle

the leap, self-driving technologies also fit the “touchless” description in a way that could bring traveler productivity back to the car rental conversation—even for longer road trips. The industry clearly isn’t ready now, but Covid-19 fears could drive renewed fervor for self-driving vehicles.

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Beyond Business Travel

Some travel managers may be asked to expand the purview of their current ground transportation contracts, as companies consider return-to-office strategies. “I’m starting to hear corporations discuss how they are going to be bringing [employees] back using ground transportation, like a private bus for their people,” said Kilduff. Many corporates in urban areas are allowing employees to use ride-hailing services for the same reason but with safety guidance—particularly, if it’s a choice between ride-hailing or public transportation.

Car rental relationships may help companies lower other costs, as the recession-induced pandemic continues to eat away corporate finances.

“We were doing a lot of leasing in Europe. Now it’s coming up that we’ve been spending a lot of money there and we’ve been laying off a lot of people in Europe. We’re now reevaluating if it’s better for us to do monthly rentals as opposed to signing that leasing contract with Volkswagen and BMW,” said one buyer.

Indeed, German car rental company Sixt, which has recently repositioned itself as a “mobility” company, has seen ongoing demand growth from customers looking for creative solutions like long-term rentals and vehicle subscription models to support unique needs. As travel managers are called upon to think out of the box, querying current ground transportation, car rental and ride-hailing partners for flexible, profitable configurations could produce unexpectedly successful results.

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