SUPPLEMENT TO *BUSINESS TRAVEL NEWS*

BUSINESS TRAVEL NEWS

May 16, 2011

SPOTLIGHT ON SERVICE

A travel buyer survey measuring value and delivery

IF A RENTER HAS A NEED, CATER TO IT.

From staying open an extra hour for a renter, to mailing back a misplaced shoe, to driving a renter to a bank, Avis has a history of going the extra mile for business travelers. That's why the **Avis Corporate Account** program is customized to your business's specific needs, and offers you a dedicated account team, a best-in-class implementation process, convenient reporting tools and so much more.

At Avis, we're in the business of treating people like people.

Visit avis.com/corpaccount for more information about the Avis Corporate Account program and to request a proposal.

AVIS® We try harder.®

The statements contained are about actual situations from actual customers who have expressed their opinion. This is not intended as a guarantee of performance.

Avis features GM vehicles.

20281-00

BusinessTravelnews

JAY CAMPBELL
Editorial Director
(646) 380-6263
jcampbell@businesstravelmedia.com

CHRIS DAVIS
Executive Managing Editor
(646) 380-6252
cdavis@businesstravelmedia.com

DAVID JONAS
Executive Managing Editor
(203) 797-8289
djonas@businesstravelmedia.com

MARY ANN MCNULTY
Executive Editor, Payment & Expense
(630) 519-4510
mmcnulty@businesstravelmedia.com

JAY BOEHMER
Senior Editor, Transportation
(646) 380-6249
jboehmer@businesstravelmedia.com

MICHAEL B. BAKER
Senior Associate Editor, Lodging
(646) 380-6250
mbaker@businesstravelmedia.com

LAUREN DARSON
Associate Editor, Government
(646) 380-6264
ldarson@businesstravelmedia.com

JONATHAN CHAN
Art Director
(646) 380-6248
jchan@businesstravelmedia.com

AMON COHEN
Contributing Editor
+44 (0) 1963-351-219

SUBSCRIPTION SERVICES

Tel: (847) 559-7533
Toll Free: (800) 697-8859
Fax: (847) 291-4816
Business Travel News
PO Box 3610
Northbrook, IL 60065-3610
(nbtn@omeda.com)

LIST RENTAL/POSTAL INFORMATION

JULIUS SINGLE
(845) 731-2731

E-MAIL INFORMATION

WAYNE NAGROWSKI
(845) 731-3854

REPRINTS OR COPYRIGHT PERMISSION

The YGS Group
(800) 501-9571
btn@theygsgroup.com

EDITORIAL & SALES OFFICES

116 W. 32nd St., 14th Floor
New York, NY 10001
Editorial Fax: (646) 380-6241

NORTHSTAR TRAVEL MEDIA

100 Lighting Way, 2nd Floor
Secaucus, NJ 07094
www.northstartravelmedia.com

2011 SERVICE QUALITY SURVEY

CONTENTS

5 **Introduction**: Assessing service performance and importance

8 **Methodology**: The survey and its respondents

12 **TMCs**: Operations and staffing remain high priorities

15 **Airlines**: Service basics still are paramount

19 **Hotels**: Rate loading still is of high importance to buyers

22 **Corp. Payment**: Acceptability remains a major issue

25 **Car Rental Cos.**: Balancing fleet control with service

Business Travel Media Group

TIM REID, Group Publisher
(646) 380-6262
treid@businesstravelmedia.com

LOUIS MAGLIARO, Publisher
(973) 769-0028
lmagliaro@businesstravelmedia.com

EDIE GARFINKLE, Advertising Director
Tel: (805) 383-1326 Fax: (805) 832-6676
egarfinkle@businesstravelmedia.com

ANTHONY CARNEVALE, Advertising Director
(201) 902-1976
acarnevale@businesstravelmedia.com

DAVID MEYER, Director, Research & Media Strategy
(646) 380-6246
dmeyer@businesstravelmedia.com

ELIZABETH WEST, Group Director, Custom Content
(732) 494-1955
ewest@businesstravelmedia.com

STAN ITZKOWITZ, Group Marketing Director
(201) 902-1917
sitzkowitz@businesstravelmedia.com

PAUL GUTCHES, Technical Product Specialist
(575) 613-0968
pgutches@businesstravelmedia.com

Canada
CYNDY FLEMING, Publicitas APR
Tel: (416) 363-1388 Fax: (416) 363-2889

Japan
HIROKO KUJIME, Pacific Business Inc.
Tel: 81-3-3661-6138 Fax: 81-3-3661-6139

Korea
JUNG WON SUH, Singesi Media
Tel: 82-2-3275-5969 Fax: 82-2-785-8225

Malaysia/Philippines/Thailand
ANNIE BLANCHARD
Tel: 632-646-2497 Fax: 632-647-1853

Singapore
LAVENDER TAN, A1 Media
Tel: 65-6469-9321 Fax: 65-6469-8028

Production
LISA GONZALES, Production Specialist
MICHELE GARTH, Production Supervisor

NORTHSTAR TRAVEL MEDIA

100 Lighting Way, 2nd Floor
Secaucus, NJ 07094
www.northstartravelmedia.com

Northstar Travel Media LLC

Chairman and Chief Executive Officer
Thomas L. Kemp

Chief Financial Officer
Linda Davachi

Executive Vice President/Group Publisher
Robert G. Sullivan

Executive Vice President, Digital Media
Thomas Cintorino

Vice President/Group Publisher
Bernard Schraer

Vice President/Editorial Director
Lori Cioffi

Vice President/Editorial Director
Arnie Weissmann

Vice President, Human Resources
Janine L. Bavoso

Vice President, Marketing Solutions
Michelle Rosenberg

Director, Internet Production
Roberta Bianchi-Muller

Director, IT Infrastructure and Operations
Richard Mastropietro

SPONSOR MESSAGE

ADVERTISEMENT

Dear Business Travel Professional,

It is an interesting and exciting time for those responsible for corporate managed travel programs. Companies are looking to adapt their approach in response to the changing economic conditions and external influences impacting the travel industry, their needs and the needs of their travelers. These varying demands have often pushed change for the better—allowing for a chance to change tactics, explore new strategies and employ new technologies.

In this on-the-go hyper-connected world where business travelers are well-armed with new tools and mobile technology, there is still one critical component of a travel program that travelers cannot live without: ***service***. As the way in which information is gathered and shared changes, having service that meets today's travelers' preference is key. Importantly, when changes are needed or disruptions occur, travelers turn to service providers and depend on them the most. With travelers getting back on the road post-recession, flights are full, fees are increasing, and weather or other disruptions can delay or even strand passengers. It is service that help travelers navigate. It is service that also plays a contributing role to companies achieving the highest return on their travel spend.

We wanted to work with *Business Travel News* on this research to identify the current state of service across two categories of relationships including travel services provided to buyers/managers and services provided to travelers. Additionally it reports on the priorities and amenities from suppliers that companies most value for their travelers to enhance productivity on the road.

In this ever-changing world, adapting strategies to stay competitive is paramount and looking at a travel program and its service is critical to the long-term success of a managed travel program. We hope that readers enjoy seeing what they and their peers rank as important and find new ways to approach their managed travel programs.

Sincerely,

Julie Bottner
Executive Vice President and General Manager, Global Service Delivery
American Express Global Business Travel

AMERICAN EXPRESS ®

Agencies Lead, Airlines Lag In Corporate Travel Service Survey

BY DAVID JONAS

The current business travel climate is one of rising demand and higher prices. While those circumstances highlight the need for companies to secure favorable rates and fares from their suppliers—or find other ways to uncover cheaper prices—it also means that corporate buyers and travelers expect to get their money's worth. Given a focus on employees' work-life balance and, as always, cost control, many companies are working to ensure their travelers stay productive. To help in that effort, and to maximize the value of their preferred agreements, corporate buyers often must lean on their suppliers—especially travel agencies.

The 2011 service quality survey of 204 corporate travel buyers is a *Business Travel News* study that determines the agency, airline, hotel, car rental and payment system services most important to travel managers, corporate buyers and travelers, and buyer assessments of suppliers' effectiveness in performing those services.

To appreciate buyer sentiments about their suppliers, it is instructive to understand how respondents' companies are evolving their travel programs. Many are closely examining the reasons behind and return on investment for each trip, available alternatives to travel and the value brought by preferred supplier relationships. According to this survey, since 2009 more than 60 percent of respondents' organizations increased online booking use and the number of online bookings untouched by agents; in both cases about a quarter of all respondents said their organizations are doing so this year. About half of those surveyed said their organizations since 2009 have upgraded or replaced their online booking tools.

Other changes accomplished since 2009 or underway at more than half of respondents' companies related to data management, traveler tracking and pre-trip reporting tools and approval processes.

When asked about the most important change their companies can make to improve the quality of service provided to travelers, several respondents pointed to new mobility tools. Answers included: "Implement new expense tool that incorporates mobile technology"; "Offer en route service: real-time flight stats and change options through handheld devices"; and "more 24/7 smartphone access features." Others generally referenced enhanced automation and better systems for pre-trip approvals, booking, proactive rebooking and expense reporting. Some respondents also indicated that their companies should communicate more effectively with travelers regarding policies and services.

Several cited a desire to provide travelers with a higher class of service through airport lounge passes, elite-level loyalty program status and hotel upgrades. Some also said they'd like their travel policies to allow for airline cabin upgrades, especially on longer flights.

In a general sense, the question generated a range of other answers that reflect the varied priorities among travel management and procurement professionals. According to one, the most important change simply would be "focusing on the road warrior and making life on the road as pleasant as possible." Another respondent offered an opposing perspective, saying his or her company should "emphasize [that] all employees—from senior management on down—must make responsible travel expenditures to ensure continued profitability of company. Service is not the primary concern and compromises need to be made." Landing in the middle of the spectrum, a third said, "We need to find a balance between management's need to contain costs and still provide quality services to our travelers."

While some travel buyers indicated that switching suppliers—or at least ensuring current suppliers maintain a certain level of service—currently is the most important program change they

In which year did your company most recently make changes, if any, in each of the following areas?

	2011	2010	2009	NO CHANGES
Increasing online bookings untouched by agents	26%	23%	12%	39%
Increasing online booking use	23%	28%	15%	34%
Data management	20%	23%	15%	44%
Upgrading/replacing expense reporting tool	17%	18%	13%	52%
Upgrading/replacing online booking tool	17%	14%	16%	53%
Strategic meetings management	15%	17%	9%	59%
Tracking every traveler	15%	20%	19%	46%
Corporate card suppliers	10%	21%	14%	55%
Integrating booking and expense tools	10%	9%	12%	69%
Pre-trip reporting/approvals	10%	19%	23%	48%
Consolidating agent call centers	5%	13%	8%	74%

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

Service Sentiment Snapshot

Travel Buyer Assessments Of Supplier Attributes

CATEGORY	MOST IMPORTANT	BEST PERFORMANCE	WORST PERFORMANCE	BIGGEST DISCONNECT*
TMC	Finds the lowest possible fares and rate	Professional/polite staff	Assistance in developing travel policy	Suggests ways to lower costs
AIRLINE	Delivers baggage without delays	Geographic coverage	Provides data on ancillary fees	Provides data on ancillary fees
HOTEL	Clean, comfortable rooms	Clean, comfortable rooms	Provides information on conservation efforts	Flexible cancellation/ attrition policy
CAR	Clean, reliable cars available	Preferred check-in status	Negotiates use of GPS devices	Provides good value for the price
PAYMENT	Cards are widely accepted	Cards are widely accepted	Detailed reports by division, location, unit	Provides good value for the price

** Attribute for performance score lagging most from corresponding importance score*

Source: February-March 2011 BTN survey of 204 business travel buyers

can make, one offered this fatalistic perspective: "Sorry, do not have an answer for that as we are at the mercy of our suppliers."

Comparing Performance To Importance

As a group and aggregated across all measured services, travel management companies achieved the highest score for performance among all supplier categories. The most important services they provide, according to respondents, are finding the lowest possible fares and rates and providing quality service to travelers. The three highest TMC performance scores related to staff professionalism and politeness, knowledge and responsiveness. They were given their worst performance scores for helping to develop travel policy and sourcing meetings and incentive travel. The biggest disconnects—the attributes for which the TMCs' performance score lagged most from the corresponding importance score—were for suggesting ways to lower costs and finding the lowest possible fares and rates.

Overall, car rental companies achieved the second-highest average performance score. The top three attributes, in terms of both importance and performance, all related to the traveler experience, including availability of clean and reliable cars and preferred check-in status. As a group, car rental companies performed worst in negotiating for use of in-car GPS devices, offering environmentally sensitive options and providing timely management reports.

Average Performance Score Across All Measured Attributes

On An Ascending Scale Of 1 To 6

Travel management companies	4.59
Car rental companies	4.56
Hotels	4.38
Payment systems	4.30
Airlines	4.04

Source: A February-March 2011 BTN survey of 204 business travel buyers

Hotels also scored best for traveler services. Clean, comfortable guest rooms were deemed most important to buyers, followed by Internet access in those rooms; those two attributes collected the highest performance scores in the category. The biggest disconnect, however, related not to travelers but an element of contracting: For providing to meeting buyers flexible cancellation/attrition policies, hotels achieved a performance score of 4.3 on a scale of 1 (worst) to 6 (best)—a full point short of the level of importance placed on that attribute by buyer respondents. Meanwhile, hotels too posted one of their worst performance scores for an environmental measure: providing information on conservation efforts. Hotels also fared comparatively poorly in providing timely management reports.

The corporate payment system category had the smallest disconnects, with no lag at or above half a point. Buyers deemed wide acceptance of cards as most important, and it was in that area that the providers achieved the highest performance score. Providing replacement cards within 24 hours ranked second in importance and third in performance.

Then there are the airlines. Fairly or not, the group as a whole has been the longtime whipping boy of the travel industry, and in this survey they placed a distant last behind other supplier categories, achieving a 4.04 average performance score. There are several reasons. For one, the areas considered most important to respondents—timely flight operations, baggage handling and flexibility in negotiating discounts—were not the areas in which airlines performed best. For another, buyer sentiments produced several disconnects in which performance scores lagged performance scores by well more than a full point on the 6-point scale.

For example, in the area of providing data on ancillary fees—where airlines performed worst—the disconnect amounted to a 1.7 point variance, the largest of any calculated in this report. Other disconnects related to the traveler experience included adequate legroom (1.6 point variance), comfortable seats (1.5 points), timely baggage delivery (1.3 points) and on-time flight operations (1.3 points). ■

Survey Methodology & Respondent Profile

BY CHRIS DAVIS

For this special research supplement, *Business Travel News* asked hundreds of business travel buyers to rate the importance of more than 110 specific services offered by travel vendors, and vendors' effectiveness in delivering them. The results paint a picture of travel service satisfaction (or lack thereof) today.

BTN this year developed a questionnaire that included not only the vendor service categories, but also a series of questions about respondents' travel programs and their travel agency relations. In February and March 2011, Boulder, Colo.-based independent research firm Equation Research posted the questionnaire to a secure website.

BTN solicited travel buyers by email to participate in the survey, their email addresses randomly culled from databases of subscribers to *BTN* and sister publications *Management.travel*, *The Transnational* and *Procurement.travel*. Additionally, *BTN* asked subscribers who previously had volunteered to join a travel buyer research council to answer the questionnaire.

Only data from subscribers who currently serve as travel buyers for an organization are included in this report. Those responding otherwise, including employees of travel management companies—even those dedicated to a specific corporate account—were ejected from the survey and not permitted to answer further questions. Responses were anonymous.

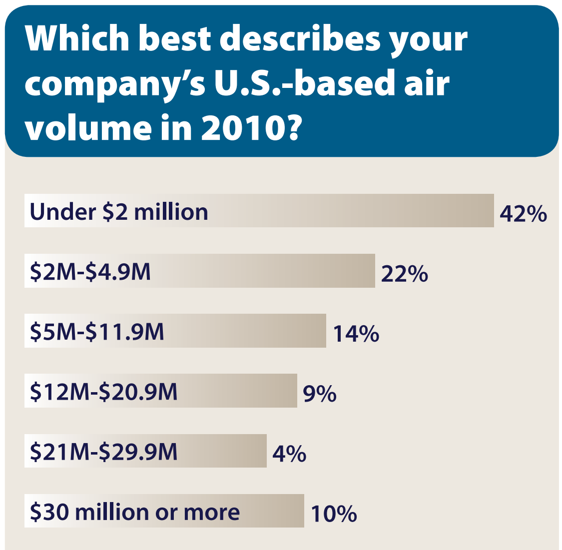
Equation tabulated 204 qualified full or partial responses. Unless otherwise specified, all the data presented in this report is based on those responses.

American Express Business Travel partially sponsored this survey, reviewed the questionnaire before it was posted and received a full report of the research results.

BTN in the online questionnaire asked respondents to quantify their programs' annual travel volume, number of travelers, number of travel department employees and geographic scope. Respondents also answered multiple-choice questions about their organizations' travel service configurations and changes to travel programs and policies.

The survey then presented respondents with a list of travel agency service attributes, and asked them to rate each attribute's importance in their choice and/or evaluation of a travel agency, on an ascending scale of 1 to 6, with 1 classified as "not at all important" and 6 classified as "extremely important."

CONTINUED ON PAGE 10



Source: A February-March 2011 BTN survey of 204 business travel buyers

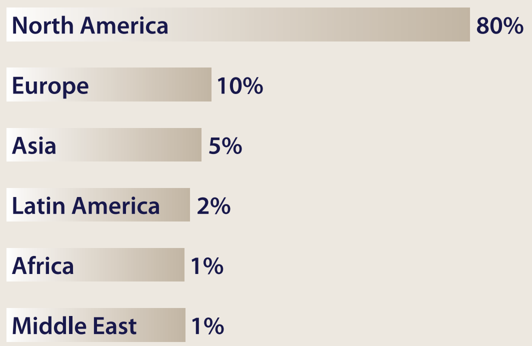
You're going to like where we land.

The best parts of two successful carriers are coming together to bring you the very best in travel. Get ready for the finest people in the business providing superior service, a modern aircraft fleet, world-class facilities, and a frequent flyer program backed by an unparalleled global network. For more information, contact your Sales Manager.

UNITED®

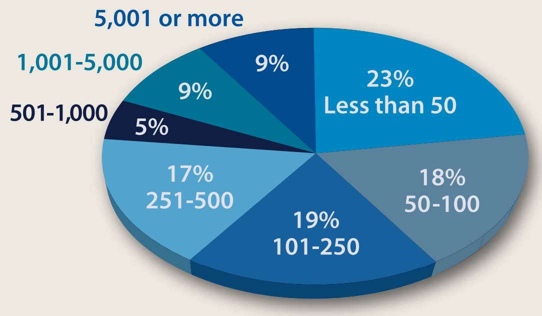
A STAR ALLIANCE MEMBER™

What percentage of your company's overall 2010 travel spending was spent in the following regions?



Source: A February-March 2011 BTN *survey of 204 business travel buyers*

How many of your organization's employees travel on business at least once every two months?



Source: A February-March 2011 BTN *survey of 204 business travel buyers*

CONTINUED FROM PAGE 8

The survey also asked respondents to assess performance of their primary travel agency in delivering those same services, again on a scale of 1 to 6, with 1 representing "falls short" and 6 representing "exceeds expectations." For each attribute, respondents had the option to note if their primary agency did not provide the service.

After completing the travel agency service section of the survey, respondents performed similar service assessments for their primary suppliers in four other industry sectors: airlines, upscale hotels, car rental providers and payment system providers.

Respondents used the same 1-to-6 scale from the travel agency service section to assess service importance and delivery in these four sectors, and again had the ability to note if their preferred supplier did not provide a particular service. The four categories were displayed in random order to each respondent, in an attempt to ensure a sufficiently high response rate for each.

For each supplier category, respondent assessments included comments on the most important actions their primary suppliers could take to improve service. Some of those replies were included anonymously in this report.

Following the questions regarding supplier service, respondents were asked to describe the most important change their own organizations could make to improve the quality of service for corporate travelers.

Some respondents agreed to participate in follow-up discussions, and some of their commentary appears in this issue. However, *BTN* reporters were not provided with individual survey responses, even those of respondents who agreed to be contacted.

Equation Research compiled all responses and provided to *BTN* an aggregate report.

Respondent Profile

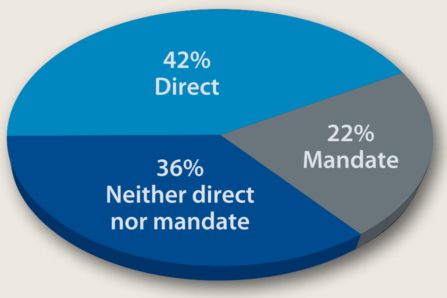
A plurality of the 204 buyers surveyed for this report work at small companies, with 42 percent of respondent organizations spending less than $2 million in 2010 on U.S.-booked air travel and 23 percent working for companies at which fewer than 50 employees travel for business at least once every two months. However, the survey heavily represents very large companies. Ten percent of respondents indicated their organizations spent at least $30 million in 2010 on U.S.-booked air travel. Only 95 companies listed in *BTN*'s 2010 Corporate Travel 100 report reached that benchmark in 2009. That companies of such size are heavily represented here should be taken into consideration when assessing this study.

Nearly three-quarters of those surveyed indicted their organizations review corporate travel policies at least once each year, with about a third of that subset doing so more than once.

Otherwise, about 36 percent of represented companies fell into the range between $2 million and just under $12 million in 2010 U.S.-booked air volume, a traditional indicator of midmarket status. The remaining 13 percent spent at least $12 million but less than $30 million in that travel segment, with those spending less than $21 million outnumbering the rest by more than two to one.

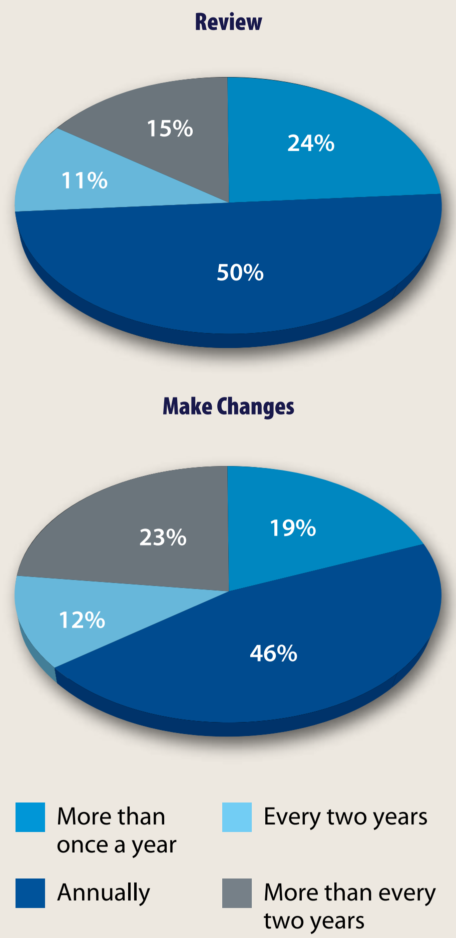
The number of traveling employees (at least once every two months, for the purposes of this report) varied widely among respondent organizations. About 41 percent of respondents indicated their organizations had no more than 100 such travelers; about 40 percent responded that their organizations

Does your company direct or mandate its travelers to book online for point-to-point travel?



Source: A February-March 2011 BTN *survey of 204 business travel buyers*

How often does your company review or make changes to its travel policies?



Source: A February-March 2011 BTN *survey of 204 business travel buyers*

had more than 250. The remainder fell in between.

Not surprisingly, a direct relationship exists between the number of traveling employees in a respondent's organization and its U.S.-booked air volume. About 89 percent of the respondents' organizations with fewer than 50 employees spent less than $2 million on such air travel; nearly every organization with more than 5,000 travelers spent more than $12 million. Of the 36 percent of respondents with 101 to 500 travelers in their organizations, more than six in 10 spent between $2 million and $12 million on air travel, while about 29 percent spent less than $2 million and about half that spent more than $12 million.

Meanwhile, represented companies on average spent 80 cents of their 2010 total travel dollar in North America. They spent about half of the remaining 20 percent in Europe and about 5 percent in Asia. They directed the remainder to Latin America, Africa and the Middle East.

Policy Strategies

Nearly three-quarters of those surveyed indicted their organizations review corporate travel policies at least once each year, with about a third of that subset doing so more than once. Of the remaining quarter of respondents, more than 40 percent indicated their organizations review travel policy every two years, with the rest doing so less often. The frequency of policy reviews rises with travel spend; about 37 percent of those organizations with more than $12 million in 2010 U.S.-booked air travel spend review multiple times per year, a frequency matched by only 15 percent of those organizations with less than $2 million of such volume.

A similar trend holds for frequency of policy changes, according to respondents. More than 28 percent of organizations with more than $12 million in air volume make changes to their travel policies more than once per year, but only 13 percent of those with less than $2 million do so. Conversely, more than 45 percent of the respondents from the survey's smallest organizations said policy changes occur at most once every two years—with two out of three of them indicating a timeframe of longer than every two years—but only 24 percent of the largest organizations surveyed do so. Overall, 46 percent of respondent organizations change travel policies annually, 19 percent do so more frequently and 35 percent take at least two years.

One policy plank employed by about 22 percent of all respondents' organizations—and nearly a third of larger organizations—is mandatory online booking for point-to-point travel. About 16 percent of respondent organizations with less than $2 million in air spending apply such requirements. More than twice as many of those small companies "direct" employees to book such trips online, as do 47 percent of midmarket firms and 48 percent of larger organizations, according to respondents. On the whole, 42 percent of all respondents direct travelers online for those trips. The remaining 36 percent of respondent organizations neither direct nor mandate online bookings for simple journeys. ■

TMCs, Clients Still Building Program Management Performance Metrics

Nuts And Bolts Of Operations And Staffing Remain High Priorities

BY JAY CAMPBELL

The month of April produced two studies of business travelers that, put together, found that business travel is bad for their health but they love it. Travel management companies might say the same.

The managed travel industry finds its key service providers in a state of constant reinvention as they attempt to differentiate while performing at a high level under scrutiny. According to results of the latest *Business Travel News* survey in this area, TMCs do a pretty decent job in their clients' eyes.

The job has changed, though, and in recent years, procurement departments taking over travel management have instituted new key performance indicators and more rigorous service agreements. Industry experts still see room for improvement on how clients are measuring TMCs, and how the latter are performing.

Partly it's a question of investment. Does a TMC invest in technology? If it does, should it become a systems integrator and keeper of traveler touchpoints, including third-party mobile software, or should it build its own? Or, should a TMC spend on top-notch account managers and frontline agents?

Sources contacted for analysis on this research believed much depends on client size, and the data demonstrated this in a few areas. Larger firms considered the following services to be more important than smaller firms did: self-booking tool support, VIP services, exception reports, program optimization guidance, global data consolidation and policy enforcement assistance. Smaller firms, naturally, were more likely to identify help in negotiating rates as a high priority.

Another driver seems to be that with emerging technologies, new traveler generations, distribution cost pressures and volatile geopolitical issues, the state of service quality in the travel management business is never static. As such, yes to tech *and* yes to people. Some TMC sources fully admit their core role is to help clients sort through the industry's complexity, which reflects the more consultative approach that TMCs have attempted to take in recent years. The tough part is measuring performance in that role.

"Service and program metrics are important and they should be measured in terms of delivery," said consultant Mark Walton of Consulting Strategies. "What we have been doing is gaining contractual commitments from TMCs to deliver on various service KPIs and on the program side, developing a relationship where there is an agreement to deliver savings in one form or another. Difficult to do, but rewarding for the client. TMCs of course are not thrilled to participate. But they should and do understand that their value-add should be more than the operational side of the business."

Suggesting ways to lower costs was one service deemed by survey participants to be extremely important, but in which relative performance by the TMCs lagged.

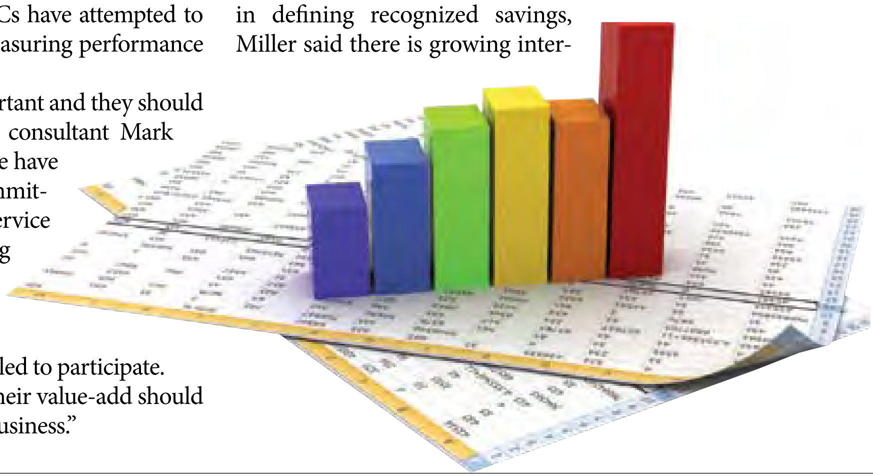
"The demand to be able to quantify cost avoidance has grown increasingly loud, with travel more and more seen as a purchasing function," said TRW Consulting's Tom Wilkinson. "But the problem is proving you would have gone even if there was a higher price. You have to assume travelers are going to go because you can't really prove what someone who didn't fly would have spent."

Wilkinson said, "The core value a customer wants in saving money is often translated simply into better discounts," which he argued may be an unfair measure as "only the largest corporations are coming up with meaningful discounts."

BCD Travel executive vice president for global business solutions, sales and marketing Louise Miller said buyers have "raised the bar" on their demands of TMC performance and capabilities, although the variety of places where bars are set only adds to the challenge. "The core [operational] things are extremely important, but then once you get into the program management, the degree to which we're involved in meetings or incentives or expense management varies by customer. Customers need to upgrade the way they think about savings measurement. For the most part now, almost every company is looking at year-over-year savings off the bottom line, and measuring that in accordance with programs like Six Sigma. Others are measuring the value of activities, looking again at cost avoidance, peer benchmarking, rates and reductions versus the market."

Miller said a lack of understanding between buyers and TMCs about each other's cost structures can lead to dilemmas in defining the financial incentives and penalties typically embedded in service agreements. "It does no good to earn an incentive for good performance, for example, if they have no way to pay us," she said.

Despite challenges that on the buyer side include difficulty in defining recognized savings, Miller said there is growing inter-



Travel Agency Buyer Service Importance, Performance

On An Ascending Scale Of 1 To 6

SERVICES FOR BUYERS	IMPORTANCE	PERFORMANCE
Suggests ways to lower costs	5.2	4.4
Provides traveler tracking services	4.8	4.9
Provides best practice guidance for program optimization	4.7	4.5
Provides effective assistance in enforcing travel policy	4.6	4.7
Effectively helps negotiate preferred supplier rates	4.3	4.4
Has comprehensive international service capabilities	4.2	4.4
Provides effective assistance in developing travel policy	3.6	4.1
Cooperatively provides right to conduct third-party audit of revenue streams	3.5	4.3
Helps source meetings	2.9	4.1
Helps source incentive travel	2.5	4.2

Source: A February-March 2011 BTN survey of 204 business travel buyers

Why Did Your Company Change Its Travel Agency Status In The Past Two Years?

REASON	RESPONDENTS
More attractive pricing	44%
More customization/flexibility to meet my particular needs	39%
More attractive technology products	37%
Travel management optimization advice/consulting	37%
International geographic coverage	34%
Management information systems	34%
Consolidated to fewer agencies	33%
Travelers received poor service from old agency	30%
Automated quality control tools	19%
More attractive incentives	17%
Vendor negotiation assistance	15%
Travel department received poor service from old agency	14%
Group/meeting planning assistance	13%
Traveler service reputation	13%
More VIP services	11%
Domestic geographic coverage	10%
Other	7%

Note: Respondents could select more than one answer

Source: A February-March 2011 BTN survey of 70 business travel buyers whose companies in the past two years switched, added or omitted travel agencies or consolidated agencies into a global program

est in incentive programs with KPIs that are "less about answering the phone and more about hitting key milestones in the program, and helping achieve savings targets. I think the 'SLA' term is going to go by the wayside; it's now much more about managing to KPIs."

"The basics of servicing the traveler are pretty much the same, but the way we service the company is different," said Travel and Transport CEO Bill Tech. "What can we do for procurement? Maybe it's outsourcing."

It's OK for clients to demand of TMCs a degree of creativity in helping to lower costs, and Tech said T&T does that all the time. But a lack of mutual understanding can be the undoing of such programs. "We may be asked to cut spend by 10 percent, so fine, we will make sure to offer the lowest fare," he said. "But they don't let us be a policeman and say, 'The lowest is $400 but you have to get up at 6 a.m. or have a two-hour connection.' " On the other hand, he said, T&T helped one client save more than $1 million annually when it accepted a more rigorous pre-trip authorization program.

The "vast majority" of Travel Leaders Corporate clients have service-level agreements in place, said president David Holyoke. "They're broken into a variety of metrics focusing on service,

Travel Agency Technology/Productivity Importance, Performance

On An Ascending Scale Of 1 To 6

AGENCY SERVICE	IMPORTANCE	PERFORMANCE
Finds the lowest possible fares and rates	5.6	4.8
Provides quality service to travelers	5.6	4.9
Guarantees fare accuracy	5.5	4.8
Provides accurate, timely travel data	5.4	4.8
Provides effective support of a traveler self-booking product	4.8	4.6
Supports traveler tracking	4.8	4.8
Allows corporation to manipulate data and create reports online	4.7	4.6
Is open to flexibility/customization	4.7	4.5
Provides exception reports for policy violation	4.7	4.7
Provides a traveler self-booking product	4.5	4.8
Provides technology integration services	3.9	4.3
Offers consolidated global data reporting	3.8	4.3
Has high number of transactions per reservationist	3.6	4.5
Offers services for corporate intranet travel page	3.4	4.3
Provides streamlined reimbursement and expense processin	3.0	4.2

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

Travel Agency Staff Importance, Performance

On An Ascending Scale Of 1 To 6

AGENCY SERVICE	IMPORTANCE	PERFORMANCE
Has knowledgeable staff	5.5	5.0
Has professional/polite staff	5.5	5.2
Has responsive staff	5.5	5.0
Has staff that proactively supports cost-effective traveler decisions	5.4	4.7

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

from the accuracy of the reservation, quality of the reservation, responsiveness, level of professional service, etc. There's usually also something on the savings side and on account management—how are they managing the relationship and working in a partnership with the client to achieve objectives. It's customized by client and typically has a risk and reward."

Operational KPIs are easy to develop, Walton argued.

"Yes, from an operational standpoint, the measurements are probably a little more long-tenured," said American Express Business Travel executive vice president and general manager of global service delivery Julie Bottner. "But this notion of making sure that we as a TMC are finding the lowest fares and rates being at the highest level of importance resonates with us very much. We hear it a lot. The same for having knowledgeable staff and people who are very responsive."

Walton thinks good account management is both vital and neglected. "Generally speaking, I think training for account management at TMCs is pretty poor," he said, particularly in the large market. "You can't just put a newbie on a $200 million piece of business. But if you put someone experienced on it, where are they coming from? Another $200 million piece of business. It's a 'rob Peter to pay Paul' scenario."

Commodity & Technology

"When you think about it, what can you tell me about the differentiation between the largest TMCs in the business?" Walton asked rhetorically. "There is some, of course, and at times they tend to leapfrog when one launches new technology that another takes three months to match, but the basic services are very similar; therefore differentiation has to be something else."

Others agreed that there is less differentiation than more, particularly as some travel management companies move away from developing their own technology and toward integrating what they and others can buy from third parties. The number one reason for changing agencies, according to poll respondents, is better pricing, which speaks to a certain level of commoditization. Sources said that any TMC still in business has to do well on the most important services TMCs provide—in this survey, finding the lowest fares, serving travelers and providing knowledgeable and responsive staff. Even on the great new touchpoint, mobile, many TMCs are redistributing other companies' products.

But BCD's Miller and Amex's Bottner both pointed to behind-the-scenes call handing as areas with new promise from a technology perspective. Essentially, they said, TMCs now are doing a better job of routing calls to the right agents. This is especially important, of course, in crisis management.

"Geopolitical concerns and environmental concerns are popping up more and more," said Bottner, "and so our ability as a TMC to deliver a solid crisis-management capability to clients will be a hugely differentiating item going forward. ■

Air Service Basics Still Paramount: Arrive On Time, With Bags In Tow

Rarely, Though, Do Carriers Outperform Buyers' Expectations

BY JAY BOEHMER

Former Continental Airlines CEO Gordon Bethune often was quoted as saying that the purpose of a good airline is to get passengers safely to their destination, on time and with their underwear. Business travelers still agree, according to a survey of 204 corporate travel buyers.

On an ascending scale of 1 to 6, respondents equally weighed the punctual delivery of baggage and on-time flight performance as the top service areas for business travelers. Though both categories rated at 5.5 on the importance scale, respondents gave carriers a 4.2 score on service performance in each case.

Airlines during the past year have maintained levels of on-time performance. According to U.S. Department of Transportation data, the 18 largest domestic carriers last year landed 79.8 percent of their flights within 15 minutes of schedule, a modest improvement from 2009's 79.5 percent on-time ratio. Baggage handling similarly improved in 2010 to 3.57 mishandled bags per 1,000 passengers from 2009's 3.99 rate.

While many respondents continue to bemoan ancillary charges, the proliferation of baggage fees actually has improved handling performance. "Since airlines first imposed checked baggage fees," a U.S. Government Accountability Office report issued last year noted, "the number of checked bags per passenger has declined, contributing to a decline in the rate of mishandled bags." GAO further noted, however, that "despite the introduction of fees, airlines have not substantially changed their baggage service or compensation methods." In other words, the price to check a bag went up but the service proposition remained the same. That is changing, in some cases at the behest of new regulations and in others by the airline's choice.

Alaska Airlines, for example, guarantees that customers will be able to retrieve checked luggage within 20 minutes of their aircraft parking at the gate. If not, the carrier will give customers either 2,000 frequent-flyer miles or a $20 voucher.

Delta recently introduced $25 credit vouchers for bags delayed more than 12 hours as part of a few enhancements to its baggage-service plan, which also includes baggage tracking so that passengers can view the status of their checked bag from the plane to the carousel and set alerts for mishandled luggage. The carrier also plans to roll out self-service kiosks at many airports in the United States, through which passengers could view bag status and file claims for mishandled luggage.

US Airways similarly is working on baggage notification systems for travelers. "We think there is a chance that over the short run there will be a way to advance-notify customers when there are problems with bags," US Airways executive vice president and chief operating officer Robert Isom said last month. "Even before they land or right as they land, if there was a problem with bags, we want to be able to tell customers what happened and where their bag is and when they'll be reunited with it."

DOT, meanwhile, as part of its latest round of airline consumer regulations, soon will require airlines "to refund any fee for carrying a bag if the bag is lost."

Travelers Want Service, But Are They Willing To Pay For It?

Baggage handling is one example of how the evolution of fare unbundling has impacted service perceptions. While complaints about unbundling and accusations of "nickel-and-diming" are common in survey respondents' comments about airline service quality, carriers claim that unbundling offers new choices and the ability to customize travelers' airline experience.

"Our customers have shown us time and again that they are willing to pay for products and services which enhance or customize their travel experience," United Airlines CEO Jeff Smisek said last month during the carrier's first-quarter earnings call.

Still, a gulf remains between survey respondents' service importance and service delivery ratings for carriers' ability to offer legroom, provide comfortable seats and offer quality food—all of which can be had for an extra fee at many airlines.

"I can make choices as a business traveler that can improve my quality of life on the road, whether it's paying $40 for an upgrade to first class or whether it's that extra legroom seat," said Association

Airline Traveler Service Importance, Performance
On An Ascending Scale Of 1 To 6

SERVICES FOR TRAVELERS	IMPORTANCE	PERFORMANCE
Delivers baggage without delays	5.5	4.2
Gets travelers to destinations on time	5.5	4.2
Has adequate leg room	5.1	3.5
Has comfortable seats	5.1	3.6
Can receive priority on waitlists	5.0	4.2
Can receive automatic upgrades	4.8	4.3
Has modern fleet	4.8	4.3
Has onboard laptop power	4.4	3.9
Provides premium class service	4.3	4.6
Has inflight Internet access	4.0	3.9
Has quality food	3.8	3.2

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

of Corporate Travel Executives executive director Ron DiLeo. "I can make those choices now, even if my company has a travel policy that doesn't allow that. If the policy doesn't allow it, that doesn't mean I still can't do it. It just means I can't expense it. People can now make personal choices, which is a good thing for the airline industry, but a scary thing for travel buyers and travel managers."

One area in which airlines performed well was in providing inflight Internet access, rated a 4 in importance and 3.9 in performance. Unlike checked bags or adequate legroom, onboard Wi-Fi, which in recent years has become widespread among domestic carriers, is a service that never was included in the fare.

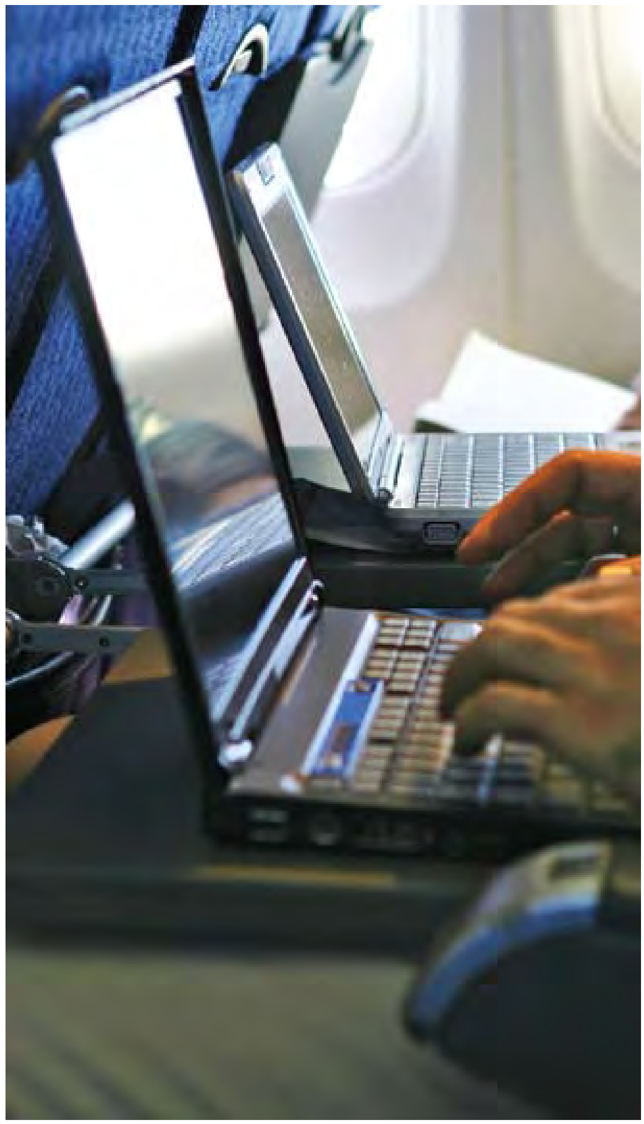
"Wi-Fi on the plane is new, and people realize that it's an optional service. They will not pay for Wi-Fi in the hotel," said Forrester Research vice president and principal analyst Henry Harteveldt during the Phoenix Sky Harbor International Aviation Symposium last month. "That's where they expect it to be free. The question is: What will people pay, and how do you price it to maximize revenue without degrading the user experience? This is one of the few things where the customer really will be willing to pay for it."

Respondents rated onboard laptop power as more important than Internet access. However, power ports are not widespread, perhaps because airlines have yet to find a way to monetize it. With the exception of Virgin America, no domestic carrier offers power ports across its full fleet, according to SeatGuru, though all majors offer power ports on at least some planes, depending on aircraft type and cabin.

Neither JetBlue Airways nor Southwest Airlines offer power ports, a consideration addressed last month by JetBlue vice president of IT business solutions delivery Rick Zeni.

"Cost is always a factor," said Zeni during the Phoenix symposium. "It's a matter of choices. Ultimately, I think we will have a power option, but if we have free LiveTV and we also want a free Internet option and we want extra legroom, there's only so much you can invest in the product without seeing a clear ROI in each one of those things. Power is one of those things where it's hard to see. If I invest this amount of money in an airplane, will I get that

CONTINUED ON PAGE 18



SOUTHWEST CONNECTS YOU TO BUSINESS IN OVER 70 DESTINATIONS.

With our legendary low fares, no change or baggage fees, and outstanding Customer Service, Southwest Airlines® gets you down to business while protecting the bottomline. And with service to more than 70 destinations, including new service to Greenville-Spartanburg and Charleston, SC, and Newark, NJ, we're ready to fly wherever your business needs to go. To find out everything Southwest Airlines can do for your business, **go to southwest.com/corporatetravel**.

SOUTHWEST.COM®
CORPORATE TRAVEL

Airline Buyer Service Importance, Performance
On An Ascending Scale Of 1 To 6

SERVICES FOR BUYERS	IMPORTANCE	PERFORMANCE
Flexibility in offering negotiated, transient corporate discounts	5.2	3.9
Loads rates in GDS in timely and accurate manner	5.0	4.5
Makes available fare and schedule information through the GDS	5.0	4.5
Offers extensive geographic coverage	5.0	4.8
Negotiates frequent traveler program status	4.8	4.1
Provides data on ancillary fees	4.8	3.1
Negotiates flat fares for specific routes	4.2	3.7
Provides timely management reports	4.2	4.2
Offers group or meeting fares	4.0	3.9
Can book negotiated rates on airline website	3.6	4.2

Source: A February-March 2011 BTN survey of 204 business travel buyers

CONTINUED FROM PAGE 16
money back?" At this point, Zeni concluded, "I don't think that having power on board is the price of entry."

Buyers Desire Discounts, Data

More than anything, buyers want airlines to be more flexible when negotiating discounts. But they believe carriers underperform in that and most other service categories, meeting or beating buyer expectations in only two out of 10, according to the survey.

Buyers rated the importance of flexibility in negotiating transient corporate discounts at 5.2. They rated performance at 3.9. "With the mergers and the joint ventures, with less competition, it really puts the carriers in a stronger position," said TCG Consulting air practice director Barry Rogers. "We are in a seller's market. One thing airlines have really done is maintain discipline—discipline in capacity and also discipline in negotiations. We definitely see discounts moving down, really across the board."

Rogers noted that airlines also have been tightfisted in negotiating frequent traveler program status, which remains the chief solution to waiving bag fees. Buyers appeared to agree, as they rated status negotiations at 4.8 in importance and 4.1 in performance.

Asked to identify the most important thing airlines could do to improve service, one respondent noted, "provide full disclosure of ancillary fees paid by my travelers and allow these in the negotiation process." The respondent was not alone. Airlines underperformed most in the realm of ancillary fee disclosure, according to respondents, who rated such data at 4.8 in importance but only 3.1 in performance.

Some airlines have responded to calls for better data, and other industry solutions are in progress. For example, details on baggage expenses are part of regular Continental Airlines reports sent to corporate clients that also include on on-time performance and upgrade counts. Though no timeframe was given, those reporting attributes would extend to the carrier's merger partner, United, according to United director of global accounts Cyndi Hunter. "We can show how many were non-elite and actually paid for a bag," she said. "We can assess by company, and by whatever timeframe they want to report on, how many bags were checked and what that cost the company."

Delta Air Lines also is sharing similar traveler data with some corporate clients. Speaking in April during the Institute for Supply Management/Global Business Travel Association Travel & Meetings Summit, WellPoint strategic sourcing manager Cindy Heston said the carrier "is tracking through the trip, not the ticket, where my travelers are paying and what they're purchasing."

She explained that Delta asked her for a wish list regarding the traveler data she wanted, which included loyalty program status and information regarding the employees who received class-of-service upgrades or had problems and were reaccommodated. "It was shocking that they didn't say, 'We can't do that.' They said, 'That's exactly what we thought.' " In January, the airline started sharing those reports with WellPoint.

Airlines underperformed most in the realm of ancillary fee disclosure, according to respondents, who rated ancillary fee data at 4.8 in importance but only a 3.1 rating in performance.

Meanwhile, where airlines performed best, according to buyers, is in offering extensive geographic coverage, an indication that capacity reductions of recent years have yet to damage the breadth of airline networks.

Despite disputes over the distribution of airline content through global distribution systems—which this year has resulted in litigation and display biasing—buyers rated the availability of fare and schedule information through the GDS a 5 in importance and 4.5 in performance. While the disputes have not led to the widespread removal of airfare content from corporate channels, the implications are not lost on buyers. One respondent implored the company's preferred carrier to "remain as a full participant in the GDS," as the availability of content through corporate booking channels remains a buyer priority. ■

Rate-Loading Accuracy, Timeliness Top Buyers' Hotel Service Wishlists

Free Internet Also Important, For Now

BY MICHAEL B. BAKER

Buyers say timely rate loading and free Internet access are the most important services preferred hotels should provide, while conservation efforts and the availability of electronic folio data rank low among their priorities.

Rate loading and Internet access tied for the highest score in service importance among 204 travel buyer respondents, although the gap between importance and performance scores indicates the areas remain challenging for buyers. Rate loading in particular has been a long-standing headache for buyers, though its value is clear. If buyers can't access negotiated rates through global distribution systems or central reservation systems, negotiations for those rates are a waste of time.

"It most definitely has improved, though this year I have seen the results not be as good as I have seen them in a couple of years," said Kim Maschoff, director of TCG Consulting's hotel practice. "It's still beyond me why we can't get it right."

Carlson Wagonlit Travel director of hotel solutions Mauricio Molina said rate loading for the travel management company's largest clients is not as large of an issue as it once was, due to improved hotel processes. On average, CWT sees about 75 percent of hotels load rates accurately after negotiations while the rest require extra work following audits, he said.

Deltek director of global travel procurement Karoline Mayr said rate loading often is a bigger challenge when buyers deal with individual properties rather than centralized sales teams.

"It's a very transient space, with people constantly changing, so you might be sending emails to people who are no longer there," she said. "They also might not be familiar with the technical aspects and not even know what you're talking about when you say 'GDS.' "

Both buyers and hoteliers have examined tactics other than audits to alleviate rate-loading woes. Starwood Hotels & Resorts vice president of global corporate sales Mary Casey said her team uses Lanyon's automation tool to ensure accuracy.

Some buyers have taken the punitive route, requiring hotels to make up the difference in inaccurately loaded rates by imposing monetary penalties or even threatening to pull hotels from preferred programs. Those tactics can be tougher for smaller buyers, Maschoff said.

"I've seen clients try to impose a monetary penalty, but it's not that easy," she said. "We recommend they be clear out of the gate that the expectation is high that, when we perform that audit, the rates will be loaded as contracted, and not doing so could be cause for removing them."

Hotel Buyer Service Importance, Performance

On An Ascending Scale Of 1 To 6

SERVICES FOR BUYERS	IMPORTANCE	PERFORMANCE
Loads negotiated rates in the GDS/CRS in an accurate, timely manner	5.2	4.5
Provides free Internet access	5.2	4.3
Offers last-room availability	5.0	4.3
Responsive to RFPs	4.6	4.4
Has reasonably priced food and beverage facilities	4.5	4.1
Negotiates chainwide deals	4.5	4.0
Provides folio data to corporations	4.2	4.0
Provides timely management reports	4.2	3.9
Provides corporations with electronic reports	3.7	3.9
Provides corporations with information on hotel conservation efforts	3.2	3.8

SERVICES FOR MEETING BUYERS	IMPORTANCE	PERFORMANCE
Provides flexible cancellation/attrition policy	5.3	4.3
Has proper staffing on-site for corporate meetings	4.5	4.6
Has high-tech meeting rooms	4.4	4.3
Accepts meeting reservation data online	3.9	4.2

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

Free Internet is a less complex but nonetheless frustrating issue for some buyers. For the casual traveler, the long-standing expectation is that midprice hotels include Internet access in the room rate while upper upscale and luxury properties charge a daily fee for usage.

Negotiating that fee as part of a corporate rate is one common approach. Marwan Batrouni, consulting director at American Express Business Travel, said it's usually not a problem for buyers to negotiate rate-inclusive Internet, though as the hotel market strengthens, it's taking multiple rounds to get it.

At the same time, most major multibrand hotel companies are aligning policies to eliminate the charge for frequent travelers. Some, including Omni Hotels, Wyndham, Carlson and, as of April, Marriott International in the Asia/Pacific region only, provide any member of their rewards program, regardless of status, access to free in-room Internet. Others, including Hilton Worldwide, Hyatt Hotels, Starwood and Marriott in the rest of the world, offer free Internet in upper-tier hotels only to travelers who have achieved a certain status within the program. Hotels will give away such status in negotiations but usually only in limited numbers to VIP travelers, said Alex Wright, senior consultant at BCD Travel consulting unit Advito.

Charge or no charge, the quality of the Internet access also is an issue for buyers. Tamera Pope, travel coordinator for Tyler Technologies, said it varies from property to property. "Some have excellent service," she said. "Others, I don't know if they're going with the cheapest provider, but it really slows down when several people get on."

The proliferation of smartphones, through which travelers can check email and perform other online tasks, has diminished slightly the importance of in-room Internet access. It still remains a must for buyers like Pope, however, whose travelers need to work remotely through virtual private networks.

Pope said she's addressed the issue of fees in her travel policy, limiting the amount the company is willing to reimburse.

Last-Room Availability Importance Rising

Last-room availability was only slightly below rate loading and Internet in importance to buyers. Although LRA has not been a particularly difficult negotiating point in the past few years of low occupancy and demand, that is beginning to change, Amex's Batrouni said. "Now that rates are increasing month over month and year over year, the variance between LRA and non-LRA will be more visible," he said. "We saw suppliers were offering it at a slight premium, though not as much as a premium in previous years [before the downturn]."

Advito's Wright said the difference can be stark in high-volume cities. Some hotels in Paris, for example, charge only $200 a night for non-LRA rates but about $1,000 a night for LRA rates, she said. Though not as dramatic, premiums for LRA also are not uncommon at some secondary and tertiary cities, and even in some midprice and economy hotels, TCG's Maschoff said.

Adding to the challenge is the ever-changing definition of "standard rooms" that are available through LRA, Wright said. While in the past LRA often accounted for 70 percent to 80 percent, it's now common for it to account for only about half of a hotel's rooms, she said.

"I would encourage clients to look closely at how many rooms out of the total make up the standard room category," Wright said.

Electronic folio data and providing information on conservation efforts ranked lowest in importance for buyers in the survey. CWT's Molina said the e-folio aspect was somewhat surprising, given the value such data can provide in enforcing compliance. "It's still under development in many hotel chains,

Hotel Traveler Service Importance, Performance

On An Ascending Scale Of 1 To 6

SERVICES FOR TRAVELERS	IMPORTANCE	PERFORMANCE
Has clean, comfortable rooms	5.6	5.0
Has in-room high-speed Internet access	5.4	4.8
Overall hotel company provides good value for the price	5.4	4.7
Has adequate number of staff at front desk	5.2	4.7
Has proper lighting, desk and chair for working	5.2	4.8
Has in-room wireless connectivity	5.1	4.6
Has on-site business center services	4.8	4.8
Has health club	4.4	4.5
Has airport pick-up	4.3	4.3
Has 24-hour room service	3.9	4.2

SECURITY	IMPORTANCE	PERFORMANCE
Requires guest to show ID for replacement key	5.2	4.6
Requires room service staff to have proper ID	5.0	4.2
Has limited access to hotel entrances	4.8	4.6
Has evident security personnel	4.7	4.3

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

but even in cases where hotels cannot provide clients with that information, they have managed to get information through their corporate cards," he said. "Having rich details from your credit card provider and preferred suppliers is a key ingredient for managing compliance."

Although most major hotel companies now provide e-folio data through at least one payment network—Hyatt being the most recent, having announced in April it would provide the data through MasterCard—data is still too fragmented to be truly useful for many buyers, Maschoff said. "If I'm getting from one chain about 75 percent of what I'm spending with them as level-three [data], and another chain 40 percent, then the data is very hard to manage," she said. "The other aspect is how you receive it and what you do with it when you get it."

Although hotels in recent years have been making more noise about conservation efforts, and green questions have appeared more often on requests for proposals, Molina said he was not surprised by its relatively low performance score. "Green issues are considered nice-to-have items for management purposes," he said. "They go to the back of the list when it's time to negotiate and manage more aggressively the economic terms for a contract."

Among security issues, buyers rated most important policies requiring guests to show identification both when receiving a replacement key and when getting room service. Amex's Batrouni said those issues are part of the standard modular RFP, although making sure they're enforced can be a bigger challenge.

"One of the ways you can monitor it is to have a two-way street where the buyer communicates with travelers and having a way to communicate back around things that might not be in line with policies they expect to happen at specific properties," Batrouni said.

Tyler Technologies' Pope said safety ranks high on her hotel priority list, particularly because it's a program in which female travelers often are on their own. "We want good outside lighting, and the majority would prefer that they have inside corridors," she said. "My travelers also will take a look at police reports in the area."

The proliferation of smartphones, through which travelers can check email and perform other online tasks, slightly has diminished the importance of in-room Internet access.

Flexible cancellation and attrition policies were by far the most important hotel meeting service identified by buyers. Advito's Wright said that's another area that isn't particularly tough to negotiate right now but could end up being costly to a program if a buyer does not address it in negotiations.

Meeting room technology ranked lower in importance, though Deltek's Mayr said it was an increasing consideration for her. She said she'd like to see greater availability of remote conferencing technology with high interoperability and bandwidth in hotels. While such companies as Marriott and Starwood are adding suites at key properties, and some newer hotels have such technology, finding it is still a challenge, she said.

"Everybody's global now," Mayr said, "so we'd like to see more of that." ■

Acceptability Remains Major Issue In Buyers' Corporate Card Selection

BY MARY ANN McNULTY

Of all the factors business travel executives consider as they evaluate corporate payment solutions, broad acceptability ranked highest, according to 204 travel buyer respondents to *Business Travel News*' service quality survey.

The larger the annual airline spend, the more important acceptance is, according to respondents. Of those with U.S.-booked air spend of at least $12 million, nearly 90 percent ranked wide acceptance as the top criteria in payment solution selection and 100 percent ranked it as one of their top two considerations.

More than a quarter of all respondents said their preferred card providers exceeded their acceptability expectations, and three of five ranked performance at the top two levels. The mean response for acceptability performance was 4.9 on a 6-point scale.

Across all features and functions core to most card programs, respondents rated provider performance fairly high, with no one attribute receiving a mean score below 4.3. Of course, there are always some exceptions by size of company or respondent function.

Acceptability is by no means the only factor used in payment solution decision-making. Such service issues as 24-hour card replacement and online tools for card administrators were among the two most important card services for more than half the respondents. More than half of all respondents said their primary corporate card providers met or exceeded their expectations on both issues.

Comprehensive vendor reports ranked among the top two considerations for more than three-quarters of respondents and nearly 90 percent of those with more than $2 million in annual air spend. More than half of the respondents ranked payment provider performance on vendor reporting among the two highest levels. However, less than 40 percent so ranked card provider performance in delivering detailed reports by division, location or business unit, which nearly 60 percent of respondents said was among their top two selection considerations.

Online access to card administration and spending data has been a focus of most corporate card providers during the past couple years as they've introduced new technology or partnered with others to deliver such access.

Rebates Key Consideration

Rebates were among the top two evaluation factors for more than two-thirds of all respondents and 71 percent of the biggest spending buyers. One of the few remaining revenue sources for corporate travel programs, card rebates can return to corporate coffers a fraction of a percentage point of charged volume, provided a company meets negotiated payment and other terms. While some have raised concerns that rebates could be threatened in the ongoing regulatory and legal debate over interchange and merchant fees, buyers have yet to complain that such pressures have changed terms.

Nearly half of respondents ranked in the top two levels provider performance in offering rebates and 70 percent ranked it in one of the three top levels.

Competitive factors have impacted rebate terms and conditions in recent years, and corporate card issuers increasingly have linked rebates to payments or "file turns," a term defined as the average length of time a charge is outstanding.

Ninety-six percent of respondents to a fall 2009 "Trends in Travel and Entertainment Expense Management" survey who represented companies with $5 billion to $10 billion in annual revenues said they received a rebate on their corporate cards based on spending and/or file turns.

Sponsored by the International Accounts Payable Association, International Accounts Receivable Professionals, Association for Work Process Improvement and InterPlx Expense Management, survey responses were detailed in an October 2010 report.

Among responses to that online survey from com-

Payment System Buyer Service Importance, Performance

On An Ascending Scale Of 1 To 6

SERVICES FOR BUYERS	IMPORTANCE	PERFORMANCE
Provides cards that are widely accepted	5.3	4.9
Provides online tools for card program administrator	4.9	4.8
Provides comprehensive vendor reports	4.8	4.5
Offers corporate rebates	4.7	4.5
Offers data feeds to expense reporting systems	4.5	4.6
Offers automated reconciliation	4.4	4.4
Offers corporate liability waivers	4.4	4.6
Provides detailed reports by division, location, business unit, etc	4.4	4.3
Offers favorable foreign currency exchange rates	4.1	4.3
Issues cards in multiple currencies and produces multinational reporting	3.4	4.3
Provides meetings card	3.4	4.6

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

Payment System Traveler Service Importance, Performance

On An Ascending Scale Of 1 To 6

SERVICES FOR TRAVELERS	IMPORTANCE	PERFORMANCE
Provides replacement cards within 24 hours	5.0	4.7
Overall corporate payment system provides good value for the price	5.0	4.6
Provides emergency travel services	4.3	4.5
Provides insurance for air travel	4.2	4.5
Provides insurance for car rental collision damage waiver	4.2	4.5
Provides frequent flyer miles with program partners	3.7	4.5

Source: A February-March 2011 BTN *survey of 204 business travel buyers*

panies with the largest annual revenues, more than half said rebates were based on both spending and file turns. Of responses from companies with smaller revenues, nearly half said their rebates were based on spending only.

Across all 300 respondents to that survey, 74 percent of respondents said their companies received a card rebate while 26 percent of respondents said they did not.

Data Feeds, Reporting And More

In the *BTN* survey, more than half of respondents indicated that the features most important to them were data feeds to expense reporting systems, corporate liability waivers, detailed reporting breakdowns, emergency travel services, favorable foreign currency exchange rates, car rental collision damage waiver insurance and automated reconciliation.

Nearly half the respondents ranked at the top of the charts payment provider performance in offering data feeds to expense systems. Among respondents with more than $12 million in U.S.-booked air spend, 71 percent ranked such performance in one of the top two levels.

Among the biggest companies, the 2009 accounts payable study found that 86 percent of respondents used electronic feeds of corporate card data to expense reporting systems, but across all respondents, only 46 percent had such integration.

Of companies with at least $1 billion in revenue, two-thirds of respondents had implemented an expense reporting system.

More than a quarter of all respondents said their preferred card providers exceeded their acceptability expectations, and three of five ranked performance at the top two levels.

Weighing Liability Risks

While credit liability—corporate or individual cardholders—for charges remains a primary concern for corporate risk management and senior management, many corporations in recent years have expanded the base to which they issue cards to capture more of the spend and achieve the highest possible rebate. To do so, many agreed to corporate liability, joint liability or, at least, corporate payment for individual liability.

In the "Trends in Travel and Entertainment Expense Management" survey, nearly half (48 percent) of respondents whose companies provided corporate cards to travelers said that their companies assumed liability and centrally paid for card charges. About 12 percent of respondents said their companies assumed liability for cards, but required employees to individually pay bills. Of the 40 percent that said their companies opted for individual liability, 23 percent required employees to pay the bills while 18 percent said the companies centrally paid. About 13 percent of respondents said their companies did not provide corporate cards to employees.

In the *BTN* study, the fewest number of respondents—although still four of 10—ranked meeting cards, frequent flyer miles with program partners and cards issued in multiple currencies/multinational as major factors in corporate payment solution selection.

In the accounts payable survey, 88 percent of respondents said employees keep points or miles earned from affinity programs. Six percent of respondents said employees must assign points/miles to the company and 7 percent said their companies require employees to use points/miles for company travel.

Many corporations in recent years have expanded the base to which they issue cards to capture more of the spend and achieve the highest possible rebate.

How could payment providers improve? Provide more favorable foreign exchange rates, eliminate hidden fees, transmit level-three data and "increase rebate program," according to respondents. ■

Fleet-Control Efforts Not Harming Buyer Views Of Car Rental Service

Availability, Rates Meet Buyers' Expectations

BY MICHAEL B. BAKER

Product quality and availability rank at the top of buyers' priorities when rating car rental suppliers, and despite car rental companies' recent efforts to better manage their fleets, buyers report their suppliers largely are performing up to expectations in those metrics.

The 204 buyers in *Business Travel News*' survey indicated that a selection of cars across multiple price ranges was most important in terms of service, and the area that received the highest score for supplier performance.

Industry consolidation has helped in this regard, said Bill Knepper, lead ground transportation consultant for BCD Travel's Advito consulting unit. Most major car rental suppliers, including Avis Budget, Enterprise and Dollar Thrifty, are part of companies with multiple brands, and Hertz serves multiple customer types with on- and off-airport locations, so they quickly can shift fleet to meet corporate demand, Knepper said.

Fleet control also has not hurt buyers' budgets, Knepper said. Although Avis Budget last year tested no-show fees for small-market, non-corporate business, the program did not catch on in the industry, and Avis Budget currently has no plans to roll the fees out further. Rather, car rental suppliers have moved to fleet-control measures that target mostly the leisure market, such as discounts for prepaid car rentals. A call from a car rental company to a renter a day in advance for confirmation to avoid no-shows may be the only measure buyers are likely to notice, he said.

There was a bit of a gap in importance and performance ratings for the traveler service that buyers deemed the most important: providing clean, reliable cars. Tamera Pope, travel coordinator for Tyler Technologies, said she's heard reports of problems from her travelers in that area.

"We've had people get there and their cars weren't clean or had a lot more mileage," Pope said.

Carlson Wagonlit Travel Solutions global product manager of ground transportation Doyle Gunnell said he hears of similar issues regarding cars. They are becoming less widespread than they were in the early days of the economic downturn, he said.

"There were issues at the time—concerns with the solvency of U.S. auto manufacturers and the inability to secure financing—but those have worked themselves out," Gunnell said. "Fleets have stabilized, resulting in improved customer satisfaction."

Overall price/value relationship ranked close behind car quality in importance to buyers. Despite consolidation during the past several years, car rental rates have remained competitive, Gunnell said.

In 2010, though overall rental volume revenues increased, they were offset somewhat by decreasing rates, and that trend continues into this year, he said. Pope said she's found success negotiating deals with vendors that include set rates on one-way rentals.

Even talks of further consolidation, with Avis Budget engaged in discussions to merge with Dollar Thrifty, are unlikely to have a major impact on corporate rates. "In theory, rates increase anytime you have an oligopoly, but car rental has been extremely competitive," Gunnell said.

GPS Out Of Buyers' Favor

Buyers showed interest in free upgrades and reported car rental companies are performing well in that regard. Some rental add-ons, however, have proven more challenging for buyers.

While negotiating for GPS devices ranked in the middle of importance to buyers, it scored the poorest in terms of supplier performance. Car rental companies generally have been reluctant to negotiate for the devices, though many are beginning to soften and negotiate daily or weekly rates for them, Gunnell said.

At the same time, such devices are becoming less critical to business travelers, given the proliferation of GPS-enabled smartphones and other mobile devices, Advito's Knepper said. Many companies now refuse to reimburse travelers who rent the devices, he said.

Tyler Technologies' Pope said she nips that cost in negotiations by putting requirements in contracts prohibiting agents at the counter from offering the devices to company travelers.

"A lot of our travel expenses we pass on to clients, and we're very conscientious of what we're passing on," she said.

Electronic toll-paying devices ranked below GPS devices in importance in the survey, but Pope said her travelers find them quite useful.

Delivering information you need... the way you want it delivered.

- print
- newsletters
- websites
- webinars
- whitepapers
- research issues
- reference issues
- events

Business Travel Media Group

The Business Travel Media Group provides comprehensive industry information that helps executives make informed decisions about managing their company's travel costs and programs.

We deliver timely and insightful content through a variety of print and digital editorial products, face-to-face events, and webinars to ensure you stay current in a changing business environment.

SERVING THE INFORMATION NEEDS OF THE BUSINESS TRAVEL INDUSTRY.

BUSINESS TRAVEL news — CORPORATE TRAVEL INTELLIGENCE | travel Procurement | the beat | travel MANAGEMENT | The TRANSNATIONAL — A Multinational Travel Newsletter

For advertising information contact Louis Magliaro at (973) 769-0028, or lmagliaro@businesstravelmedia.com

WWW.BUSINESSTRAVELMEDIA.COM

a divison of NORTHSTAR TRAVEL MEDIA

Car Rental Buyer Service Importance, Performance

On An Ascending Scale Of 1 To 6

SERVICES FOR BUYERS	IMPORTANCE	PERFORMANCE
Availability of cars in multiple price ranges	4.8	4.8
Provides free upgrades	4.5	4.6
Provides timely management reports	4.3	4.3
Negotiates for use of GPS devices	4.2	3.6
Provides environmentally sensitive options	3.6	4.2
Provides special rate programs for groups and meetings	3.5	4.3

Source: A February-March 2011 BTN survey of 204 business travel buyers

Car Rental Traveler Service Importance, Performance

On An Ascending Scale Of 1 To 6

SERVICES FOR TRAVELERS	IMPORTANCE	PERFORMANCE
Provides preferred check-in status	5.3	5.1
Has adequate number of staff at rental desk	5.2	4.7
Has adequate frequency of shuttle services	5.1	4.7
Has curbside check-out	4.7	4.6

SAFETY/AMENITIES	IMPORTANCE	PERFORMANCE
Clean, reliable cars available	5.6	4.9
Overall rental car company provides good value for the price	5.5	4.8
Offers 24-hour roadside assistance	5.3	4.8
Non-smoking cars available	5.1	5.0
Offers cars not easily identified as rentals	4.4	4.5
Offers in-car directions using GPS devices	4.2	4.3
Offers express toll device	4.0	4.4

Source: A February-March 2011 BTN survey of 204 business travel buyers

Buyers rated adequate desk staffing as the second-most important service for travelers, though Gunnell said that's becoming less critical as car rental companies beef up their automated check-in capabilities. In mature travel programs, most travelers are enrolled in programs that let them bypass the counter altogether, he said.

Negotiating for GPS devices scored the poorest in terms of supplier performance. Car rental companies generally have been reluctant to negotiate for the devices, though many are beginning to soften and negotiate daily or weekly rates for them.

Another issue that over the years has fallen in importance is having suppliers provide cars that are not easily identified as rentals, which this year ranked near the bottom in importance for buyers. Advito's Knepper said it was a major issue about a decade ago, when a few travelers were targeted when wandering in an obvious rental car from the airport into a rough neighborhood. At that point, many car rental suppliers began removing barcodes from cars. Though some since have put them back on, the issue has not come up much lately, Knepper said, as better signage leading to and from car rental locations has helped alleviate any problem.

Buyers also gave little importance to special rate programs for groups and meetings and car rental suppliers' ability to provide environmentally sensitive options.

Car rental companies in the past few years have added more hybrid vehicles to their fleet and even a few electric vehicles. Knepper said part of the lack of interest from buyers could be that they simply are not yet aware of the options. It also could be because those rentals usually come at a premium, and when looking at it from a pure procurement angle, standard cars appear to be the better bargain.

"They're not looking at the big picture, and a lot of that is education on the side of the supplier," Knepper said. "With gas coming in at $4 a gallon, they may be the cheaper option." ■

Two brands.
One great business solution.

Dana Sutton, Business Rental, Canada

National	enterprise
Vehicle choice	Low rates
Speed of transaction	Award-winning service
Award-winning loyalty program	Neighborhood convenience

With Enterprise Holdings, business travel managers now can offer their co-workers two great rental options: National Car Rental and Enterprise Rent-A-Car. To learn more about the many benefits of our program, visit www.enterpriseholdings.com/BTN or call 877-439-4504.

ENTERPRISE HOLDINGS