



How **successful companies** select hotel partners to **drive high program compliance**

Location, location, location drives many preferred corporate hotel partnerships as companies seek to leverage their buying power with properties near headquarters or frequently traveled destinations. But price, included amenities such as Wi-Fi, breakfast and parking, and the availability of negotiated rates when travelers request them ranked as other important factors as companies contract preferred suppliers, according to a survey of corporate travel decision-makers focused on driving high compliance with their hotel programs.

To better understand key considerations of corporate travel buyers in selecting hotel suppliers, BTN Group, at the request of Choice Hotels, queried more than 200 corporate travel managers, procurement executives and buyers from January through March 2017.

Among the survey topics were the range of key decision-makers in the request for proposals process, latest trends to emerge from the most recent RFP season and their hotel booking and expense policies and practices. Following are results from more than 70 respondents who said their organizations consolidated business to a small group of providers.

NEGOTIATING STRATEGY

RFP Influencers and Leaders

The hotel RFP process is a cross-functional initiative at many organizations. Most respondents noted that the process was led by either the corporate travel department (nearly 40 percent of respondents) or the procurement department (25% or respondents). Of the respondents, about one-third reported to procurement, 20 percent to finance or the chief financial officer, and 13 percent to the corporate travel department. The rest reported to a variety of corporate functions, including shared services, operations, administrative, managed services, human resources, legal and divisional departments.

Despite which department was responsible for leading the initiative, most respondents said that cross-functional teams often worked on the most recent RFP bids.

with multiple chains to gain preferred pricing across locations. For those organizations aiming for traveler compliance to preferred suppliers, 28 percent said they relied on their TMC or other third-party to negotiate rates. Corporations have long relied on their TMCs' negotiated rate programs to provide options in infrequent destinations or fill gaps in their own programs. Increasingly, some corporations have outsourced their negotiated hotel program to their TMC to contract on their behalf.

Trends in Contracting

In the most recent RFP process, 60 percent or more of respondents said they contracted rates with the same number of chains in the same number of hotel chain segments as the prior year. However, within those chains, more than 40 percent said they contracted rates in more locations than in the prior year and more rates with individual properties than last year. This demonstrates a trend towards identifying the company's most frequent traveler destinations and leveraging the scale achieved through tight program compliance to achieve preferred pricing.

What was the supplier response to RFPs in the most recent season? Buyers most concerned about compliance rated supplier response as a 60 of 100 possible points.

Departments Participating In The RFP Process

Corporate travel department	26%
Procurement	18%
Travel management company	15%
Legal	8%
Administrative assistants	7%
External consultant	7%
Senior management	6%
Finance	6%
Human resources	4%
Traveler representatives	3%

Where and How Rates Negotiated

Many organizations are negotiating hotel rates through several means. More than 80 percent of respondents said their organizations negotiated preferred hotel rates locally with properties near their major locations. In addition, 37 percent said they negotiate chainwide rates with one to three chains, while about one-third negotiate chainwide

Chain Segment Most Often Negotiated

To achieve high compliance, a company's hotel program must satisfy the needs of a range of travelers and types of business travel. This requires companies to negotiate agreements with one or more chains across a spectrum of property types, ranging from luxury to economy to extended stay. The majority of respondents indicated use of brands ranging from the upper-upscale to upper midscale chain scales, offering the range needed to satisfy a variety of traveler

needs. Thirty percent said they had relationships with three chain segments; nearly three-quarters of respondents reported relationships with three or more segments.

Segments Where Rates Most Often Negotiated

LUXURY (e.g. Ritz-Carlton, Four Seasons, Fairmont, W)	23%
UPPER-UPSCALE (e.g. Marriott, Westin, Hilton, Hyatt)	79%
UPSCALE (e.g. Crowne Plaza, Courtyard, DoubleTree)	90%
UPPER MIDSCALE (e.g. Comfort, Fairfield, Hampton)	73%
MIDSCALE (e.g. Best Western, La Quinta, Quality Inn)	24%
ECONOMY (e.g. Days Inn, Econo Lodge, Motel 6)	7%
EXTENDED STAY (e.g. Homewood Suites, Residence Inn)	37%

Driving Factors in Hotel Selection

For those respondents seeking compliance with their sourced hotel properties, the most important factor in selecting partners was the number of hotels near common traveler destinations, followed by price, as the hotel partner’s scale makes it easier for a company to enforce the use of preferred brands. Next, these respondents looked for a hotel partner has a range of brands to suit different travelers, which would make it easier for an organization to enforce compliance with travelers, and service for travelers. After confirming that a prospective hotel has both locations and price aligned with company needs, buyers appear to look for a hotel partner that has the scale and service that make it easier to enforce compliance.

Key Amenities for Business Travel

From the travel manager’s perspective, the

Top Factors in Selecting Preferred Hotel Partners

	Rating Average On 5-point Scale
Number of hotels near my common traveler destinations	4.07
Price	3.99
Range of brands to suit different travelers	3.17
Service for my travelers	2.87
Availability of negotiated rates to my travelers	2.77
Good brand reputation	2.68
Included amenities such as Wi-Fi, breakfast and parking	2.60
Service for my company	2.47
Rewards/benefits for my travelers	1.81
Rewards/benefits for my company	1.67

NOTE: Respondents were asked to rank the Top 5 of 10 possible options

amenities that they looked for in hotels for business travel were high-speed internet and safety and security provisions (such as indoor corridor hotels or 24/7 attendance at the front desk), followed by free breakfast and onsite meeting facilities.

Values Buyers Seek From Hotel Partners

Buyers identified that the most critical factor in a relationship with a preferred supplier was that “enforcing compliance is

Amenities of Most Importance

	Rating Average On 5-point Scale
Free, high-speed Wi-Fi	4.35
Safety and Security provisions	3.66
Free breakfast	3.55
Onsite meeting facilities	3.00
In-room desk for traveler productivity	2.63
Rewards program for travelers	2.60
Complimentary shuttle to property	2.33
Business center facilities	2.30
Gym or workout equipment	2.27
Onsite restaurant	2.24

Critical Factors In Hotel Partner Selection

Enforcing compliance is easy because rooms at our negotiated rate are always available	2.45
Supplier is a company that is easy to do business with	2.31
Supplier enables my success by helping to demonstrate value to program	2.26
Supplier has good perception among my travelers	2.21
Supplier is willing to help me meet my objectives	2.21

easy since rooms at negotiated rates are always available when travelers need them.” Buyers also want to know that the supplier will be easy to do business with and enables buyer success by helping to demonstrate the way their program delivers value to the corporation.

How Organizations Enforce Travel Policies

Respondents indicated a trend within their organizations to purposefully shift business to suppliers in exchange for preferred hotel pricing, supporting an increased focus on matching value with the business need of a specific trip. This aligns with these organizations’ broad goal of maintaining high program compliance, and allows the company to benefit from their willingness to put in place travel policies aligned with that goal.

Today, to achieve policy compliance nearly half of respondents said travelers who book non-preferred properties are advised to rebook at preferred properties and rates. About one-third of respondents said their organizations reprimand travelers who expense hotels over set rates and about one-quarter said travelers who book non-preferred properties may not be reimbursed.

Practices Today Versus 3 Years Ago

	Today		3 Yrs. Ago	
	Yes	No	Yes	No
Matching best value with the business needs for specific travelers/trips is most important	87%	13%	70%	30%

Company willing, able to shift business in exchange for preferred hotel pricing	80%	20%	51%	49%
Cost savings to company is the most important factor	56%	43%	49%	51%

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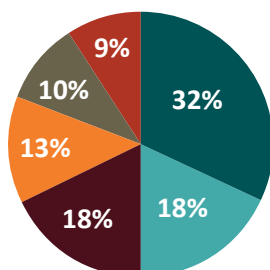
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ABOUT PARTICIPANTS / METHODOLOGY

Half of these survey respondents reported company travel spend of less than \$12 million. More than one-quarter reported spend of \$12 million to \$49.9 million while the remaining 22 percent reported spend of \$50 million or more. Respondents reported annual hotel nights from less than 1,200 to more than 50,000. One-quarter of respondents reported annual room night usage of 15,000 to 49,999.

Company Travel Spend

\$100M or more	13%
\$50M to \$99.9M	9%
\$35M to \$49.9M	10%
\$12M to \$34.9M	18%
\$2M to \$11.9M	32%
Less than \$2M	18%



ABOUT THE SPONSOR

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