



How **successful companies** select hotel partners to **maintain high traveler satisfaction**

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 maintaining high traveler satisfaction with their travel program.

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 40 respondents who said their organizations placed high value on traveler comfort and productivity above other factors.

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 (40 percent of respondents) or the procurement department (35 percent). About 60 percent of respondents said they reported to finance or the chief financial officer and 46 percent to procurement. Just 5 percent of respondents said they reported to the corporate travel department. The rest reported to a variety of corporate functions, including shared services, human resources and sales/marketing.

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

third-party to negotiate rates on their behalf, a significantly higher percentage than overall survey respondents. In addition, 20 percent of more of respondents said they negotiated chainwide rates with multiple chains, or with one to three chains.

Trends in Contracting

In the most recent RFP process, 60 percent or more of respondents said they contracted rates with the same number of different types of properties and chains as the prior year. Yet, 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.

Chain Segment Most Often Negotiated

Companies often negotiate chainwide agreements with one or more chains across a spectrum of property types, ranging from luxury to economy, and extended stay. To maximize traveler comfort and productivity, travel programs need to include hotels across segments—satisfying the preference of different travelers and types of business trips. As such, 85 percent of respondents said they negotiated corporate rates for business travelers with upscale brands, while 78 percent said they negotiated with upper-upscale chains and 71 percent with upper-midscale chains.

While organizations focused on traveler satisfaction are looking for hotels across segments, they also seem to work with fewer chains—one-third of respondents indicated relationships with two chain segments while two-thirds reported relationships with three or more chain segments.

Departments Participating In The RFP Process

Corporate travel department	22%
Procurement	19%
Travel management company	19%
Finance	10%
Travel representatives	10%
Administration assistants	9%
Legal	7%
Human resources	4%
Senior management	3%
Traveler representatives	1%

Where and How Rates Negotiated

To drive high traveler satisfaction, nearly 90 percent of respondents said their organizations negotiated preferred hotel rates locally with properties near their major locations. Additionally, 32 percent said they relied on their TMC or other

Segments Where Rates Most

Often Negotiated

LUXURY (e.g. Ritz-Carlton, Four Seasons, Fairmont, W)	32%
UPPER-UPSCALE (e.g. Marriott, Westin, Hilton, Hyatt)	78%
UPSCALE (e.g. Crowne Plaza, Courtyard, DoubleTree)	85%
UPPER MIDSCALE (e.g. Comfort, Fairfield, Hampton)	71%
MIDSCALE (e.g. Best Western, La Quinta, Quality Inn)	39%
ECONOMY (e.g. Days Inn, Econo Lodge, Motel 6)	2%
EXTENDED STAY (e.g. Homewood Suites, Residence Inn)	39%

Driving Factors in Hotel Selection

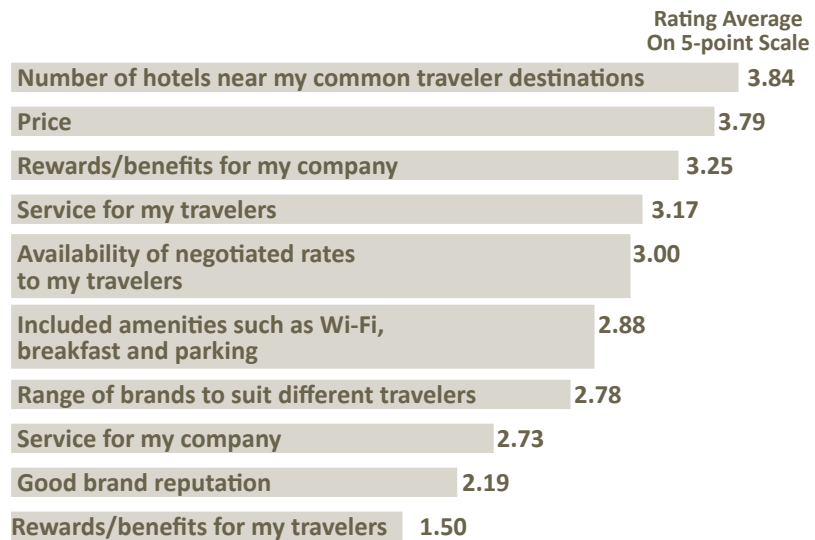
For those focused on traveler comfort and productivity on the road, the most important factor in selecting partners was the number of hotels near common traveler destinations, followed by price.

After confirming that a prospective hotel has both locations and price aligned with company needs, buyers appear to look for the overall value that hotel partners can deliver to travelers and the corporation.

Key Amenities for Business Travel

From the travel manager's perspective, the amenities that organizations focused on traveler comfort identified as top priorities were free, 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. These value-added amenities meet the business traveler expectations for the hotel experience while also maintaining their productivity while away from the office.

Top Factors in Selecting Preferred Hotel Partners

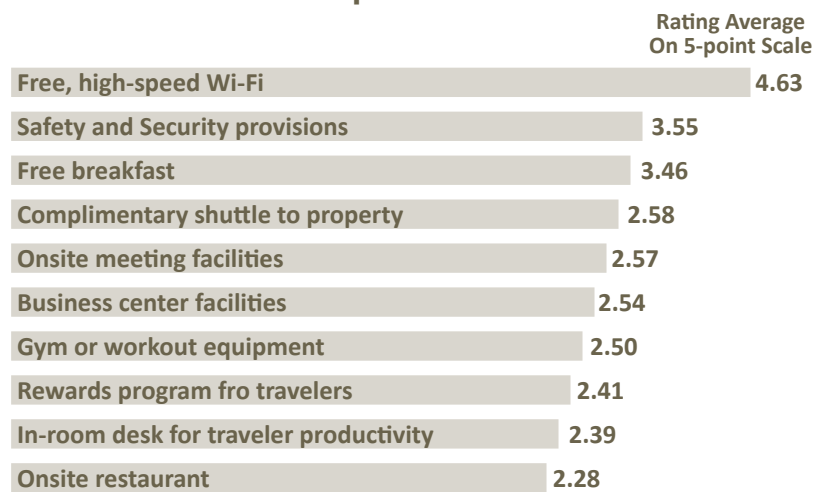


NOTE: Respondents were asked to rank the Top 5 of 10 possible options

Values Buyers Seek From Hotel Partners

Buyers identified that the most critical factor in a relationship with a preferred supplier was that the supplier is easy to do business with, followed by that "enforcing compliance is easy since rooms at negotiated rates are always available when travelers need them." Buyers also want to know that the supplier is willing to help organizations meet business objectives.

Amenities of Most Importance



Critical Factors In Hotel Partner Selection

Supplier is a company that is easy to do business with	2.44
Enforcing compliance is easy because rooms at our negotiated rate are always available	2.29
Supplier is willing to help me meet my objectives	2.27
Preferred suppliers provide travelers and company with layers of support	2.20
Visibility into program's performance through regular reporting on contracted room nights and rates	2.17

more comfortable. Yet, this seems to come with guidelines for some organizations, as about a quarter of respondents said travelers who book non-preferred properties are advised to rebook at preferred properties and rates. Just 17 percent of respondents said travelers who expense hotels over set rates are reprimanded while less than 15 percent said travelers who book non-preferred properties may not be reimbursed.

Practices Today Versus 3 Years Ago

How Organizations Enforce Travel Policies

Respondents indicated an increased willingness to exchange room night volume for preferred hotel pricing with a given brand. Likewise, they also indicated a similar increase in willingness to match value with the business need of a specific trip, seemingly limiting the hotel options based on a set of trip-based criteria. Long term, these organizations will need to balance these emerging priorities with the continued focused on traveler satisfaction.

Today, as would be expected at companies that emphasize traveler comfort and productivity, nearly 60 percent of respondents said travelers may book any rate or property they choose and 20 percent allow travelers to purchase and expense upgrades that would make their travel

	Today		3 Yrs. Ago	
	Yes	No	Yes	No
Matching best value with the business needs for specific travelers/trips is most important	80%	20%	65%	34%
Company willing, able to shift business in exchange for preferred hotel pricing	66%	34%	44%	56%
Traveler satisfaction is the most important factor in selecting hotel providers	49%	51%	44%	56%
Traveler are allowed to purchase and expense upgrades to make their travel	20%	80%	17%	83%

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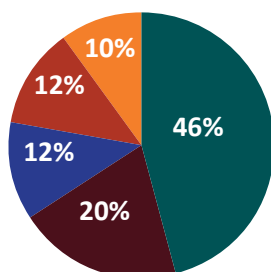
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ABOUT PARTICIPANTS / METHODOLOGY

Two-thirds of survey respondents reported company travel spend of less than \$12 million. About 10 percent reported spend of \$12 million to \$35 million while the remaining quarter reported spend of \$50 million or more. Respondents reported annual hotel nights from less than 1,200 to more than 50,000. More than one-third of respondents reported annual room night usage of 5,000 to 14,999.

Company Travel Spend

\$100M or more	12%
\$50M to \$99.9M	12%
\$12M to \$34.9M	10%
\$2M to \$11.9M	46%
Less than \$2M	20%



ABOUT THE SPONSOR

At Choice Hotels, we've become a growing force in business lodging by focusing on giving corporate travel managers what they really need: Greater values combined with surprising amenities. Personalized care and attention. Brands from upscale to economy, designed to keep business travelers happy and productive. And of course, rooms in all the places where your travelers need to be.

You may not think of Choice Hotels first. But with greater values, surprising amenities, personalized care, and all the right rooms in all the right places, more corporate travel managers are discovering that Choice is indeed better for business.

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