ANALYTICS, SUSTAINABILITY, & TRAVELER SAFETY:

SHAPING THE FUTURE OF CORPORATE TRAVEL

BTNGROUP
WHITE PAPER

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It will be another challenging year ahead for corporate travel—meetings are back, but so are high prices. As corporations juggle their sustainability goals with duty of care and rising budgets, they seek better tools to make smart decisions. But learning to trust and understand the data must come first.

As we prepare to enter the third year since the pandemic, the question isn't when things will change, it's how much will change.

Just when corporate travel hoped to settle into some stage of normalcy the realization has set in that the industry has been transformed for the long haul. The disruptions and challenges of the past few years have left an indelible mark, and it's up to corporations to rethink their travel programs to keep moving forward.

Video conferencing alternatives are adequate replacements for many types of meetings; the virus continues to mutate, making travel alerts and duty of care top of mind; sustainability goals are looming; and a possible recession has many companies tightening their belts, not loosening them. In this frenetic environment corporate travel has evolved into a new entity, where there is further scrutiny of trips but, also, more flexibility as the workplace adjusts to remote work. Managing both has been a balancing act for travel managers as they enter 2023.

To predict corporations' next moves, Emburse and The BTN Group teamed up to survey 132 travel managers and other corporate travel decision-makers (see Methodology, page 7). Results reveal how corporations are prioritizing their needs as they manage a revised workforce and enter a new era in travel.

Corporations are basically optimistic regardless of economic uncertainty. They are resigned that prices will continue to rise, leading to increased volumes. Their biggest gap, however, is understanding and predicting travel patterns so they can better manage ROI—an area they admit needs improvement. While they are investing in analytics and reporting tools, some don't completely trust the information they are given, and others seek better ways to exploit the data to their advantage. Sustainability and duty of care are also high on travel managers' agendas and impacting their strategies as they think about their travel program for 2023 and beyond.

CHART 1

IS YOUR CORPORATE TRAVEL BOOKING TOOL CONNECTED TO AN EXPENSE WORKFLOW?

- 8%
- 23%
- 49%
- 19%
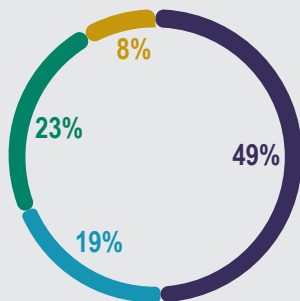
- **Yes, all bookings flow into our expense workflow**
- **Yes, some of our bookings flow into our expense workflow**
- **No, booking data does not flow into expense**
- **No, booking data does not currently flow into expense, but we are researching this topic**

ONE TOOL, ONE PROGRAM

To set the stage regarding corporate travel strategies, Emburse and BTN first wanted to understand the basics. Are programs working today? Is travel spending on the rise? The answer is mostly yes, and yes. More than 7 in 10 respondents reported using one preferred corporate booking tool, while less than one-fifth have two or more. Of those with a corporate booking tool, nearly 7 in 10 have their corporate booking tool flow into their expense workflow. For the rest, 8% said they were researching connecting bookings to expense while 23% said booking data doesn't flow to expense in their configurations.

With such integration in place, the next challenge is to get travelers to stick to the program. Nine in 10 respondents said making it easier for travelers to book preferred suppliers and negotiated rates was a "very to extremely important" feature within an ideal travel solution. And 8 in 10 said
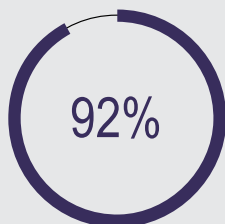
managing trip details, i.e., air, hotel, car reservations; navigation; duty of care; medical emergencies; and local guidelines within a single itinerary or app was also very/extremely important.

Travel managers generally feel they have a good handle on compliance, at least for air. According to the survey, 4 out of 10 respondents said just 0-9% of air spend is booked out of channel or policy and 7 in 10 said 19% or less. Just 8% said half or more air bookings are out of policy, a testament to program mandates and efficiencies. Still, considering that one-quarter said 20% or more of air spend is not booked within guidelines, leakage would amount to more than $1 million for a company with an air budget of $5 million. For the industry, the total could be in the billions of dollars.
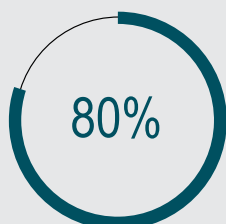
Hotel compliance remains an even bigger challenge. More than half (55%) said one-fifth or more of hotel is booked out of policy, compared
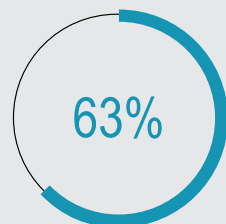
CHART 2

HOW WOULD YOU RATE THE IMPORTANCE OF EACH OF THE FOLLOWING FEATURES WITHIN AN IDEAL TRAVEL SOLUTION FOR YOUR COMPANY?

- **92%** Making it easier for travelers to book preferred suppliers and negotiated rates.
- **80%** Managing trip details, i.e., air, hotel and car reservations; navigation; duty of care; medical emergencies; local guidelines within a single itinerary or app.
- **63%** Communicating through one app your travel policy, travel program benefits, navigation or other contextual trip details as employees are traveling or navigating a destination.
- **43%** Making it easier for travelers to leverage rebates with program partners.
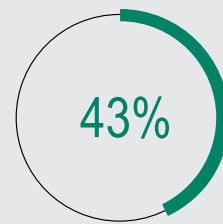
to 25% who said the same for air. Change must come from the top, and 46% said executives and managers are strongly encouraging compliance. Nearly two-thirds said a simple reminder works to improve compliance to company policy or preferred suppliers, a method to be implemented over the next six months. Stiff consequences are rare, but still used—28% mandate compliance and 17% do not reimburse for repeat offenders. Preferring the carrot vs. the stick, 34% encourage compliance by offering benefits and emphasizing the value of the program. Only 13% don't have a plan of action for increasing compliance. "We need to reward compliant travelers," said one respondent. Others use the stick, such as "preventing expense

submissions for bookings out of policy using platform audit rules … good time for education and warning!" "Loss of card privileges," said another. Calling out the cost of non-compliance is the approach of one who said they were "tightening up compliance reporting and requiring that departments report back to a director on why there has been non-compliance, highlighting the cost of non-compliance to executive level stakeholders."
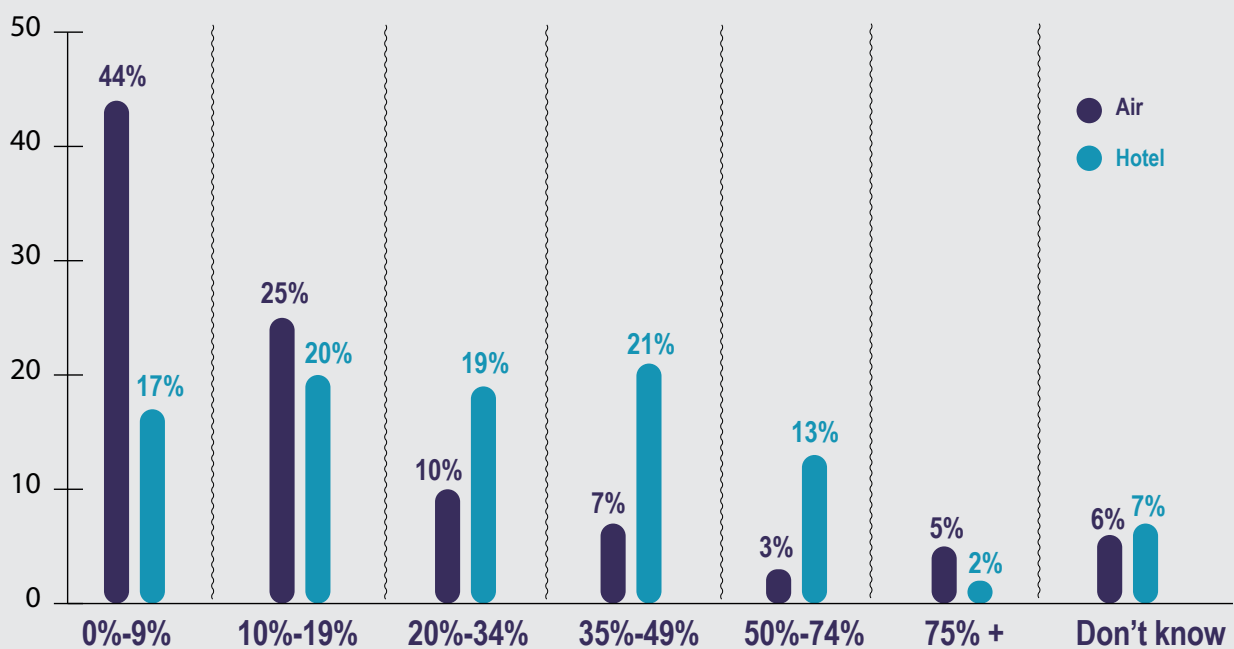
EYE ON INVESTMENTS

With so many priorities, where are corporations putting their money these days? Investments run the gamut. While the majority of respondents didn't identify a single answer, 60% cited a combination of analytics and reporting and

one respondent added "data consolidation and rate auditing" as areas worthy of greater investment. More than 70% cited a combination of expense management, virtual payment and integrated booking and expense. Duty of care, which took on prominence since the pandemic, remains the primary budget item for the next year. Only 1 in 10 noted that they had no plans to increase investments next year.

The emphasis on analytics highlights the need for corporations to better predict behavior through modeling and forecasting. Understanding such datapoints as employee spend and stay patterns, for example, are critical for better ROI–which, managers admit, is still lacking at the corporate level.

CHART 3

APPROXIMATELY WHAT PERCENTAGE OF TRAVEL BOOKINGS AT YOUR COMPANY ARE BOOKED OUT OF CHANNEL OR POLICY?
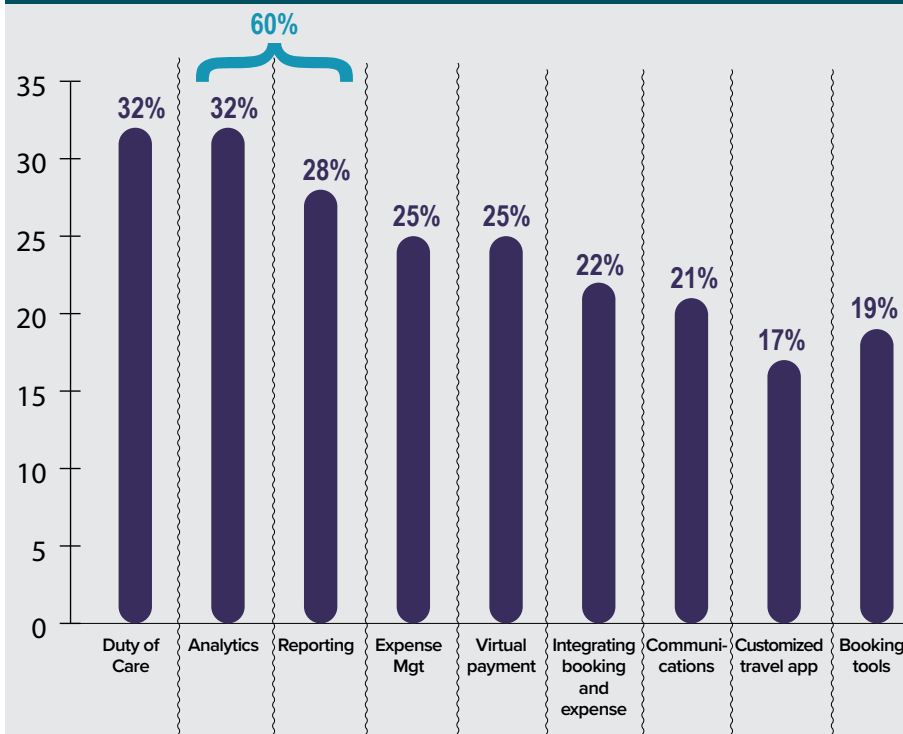

Legend: ● Air ● Hotel

	0%-9%	10%-19%	20%-34%	35%-49%	50%-74%	75% +	Don't know
Air	44%	25%	10%	7%	3%	5%	6%
Hotel	17%	20%	19%	21%	13%	2%	7%

CHART 4

OF THE FOLLOWING TYPES OF TRAVEL SOLUTIONS, WHICH MAY YOUR COMPANY INCREASE ITS BUDGET OR INVESTMENT FOR IN THE NEXT YEAR?

60%

Category	Percentage
Duty of Care	32%
Analytics	32%
Reporting	28%
Expense Mgt	25%
Virtual payment	25%
Integrating booking and expense	22%
Communications	21%
Customized travel app	17%
Booking tools	19%

CHART 5

OF THE FOLLOWING TRAVEL METRICS, HOW CONFIDENT ARE YOU THAT THE DATA YOU CURRENTLY RECEIVE IS ACCURATE AND COMPLETE?

	Very/Extremely Confident	Not At All/ Slightly Confident
Total travel expenditures on air, transportation, accommodation, meals, etc.	55%	14%
Time that employees spend traveling	42%	30%
Cost-saving opportunities, rebates used/unused	39%	26%
Spending reports and insights for different job roles or departments	38%	32%
Leakage or travel spending volume booked out of channel or policy	38%	29%
ROI of travel spend	29%	49%
Cumulative carbon footprint from company travel	23%	37%

Note: Excludes Moderately Confident

Since many companies don't have a dedicated person to perform complex data analysis, much of that responsibility currently goes to the TMC. But is there enough confidence in the data itself?

In most instances, travel managers and decision-makers trust the travel data they receive.

However, there are many places where this is not the case, likely because they do not have the tools to analyze or verify the input properly. For example, nearly half of respondents said they are not at all or only slightly confident in ROI of travel spend data. And nearly 4 in 10 are not confident/only slightly confident in the information they receive on their cumulative carbon footprint at the company level, impacting important sustainability initiatives. Nearly one-third also have low confidence in understanding spending reports and insights for different job roles or departments. What do they believe?

More than half are very/extremely confident in reports they receive on total travel expenditures and 42% are very/extremely confident about their grasp of the time that employees spend traveling. Still, it is clear much work needs to be done in the areas of analytics and reporting so that data can be understood, embraced, and made useful to the corporation.

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TOP BUSINESS CHALLENGES

Whether it's paying lip service or based on true commitment, by far a top corporate agenda item is the environment. Corporate pledges to achieve net zero emissions by 2030, for example, eventually trickle down to travel management, by making better choices or pulling back on total trips. When asked what their top business challenge will be in 2023, 53% said reducing the carbon footprint of their travel and prioritizing sustainability.

Among top business challenges next year, nearly 4 in 10 cited "proving ROI on their travel program" while 36% cited "presenting a clear, more complete picture of employee travel and spend data," again tying into their need for more analytics they can trust. In a major disconnect, however, 46% said improving the experience for traveling employees was a low priority, while only 14% said it was extremely important. This is disconcerting considering how much disruption has taken place in air travel due to route cutbacks and the labor shortage, impacting the entire trip experience. In addition, 4 in 10 also said it was not a top challenge to present a clear, more complete picture of employee travel and spend data in 2023, perhaps because they believe this has already been accomplished.

THE COMEBACK DILEMMA

Travel managers expect there will be more people and money to manage as business trips and meetings resume. Eight in 10 respondents expect business travel spending volume to increase in 2023,

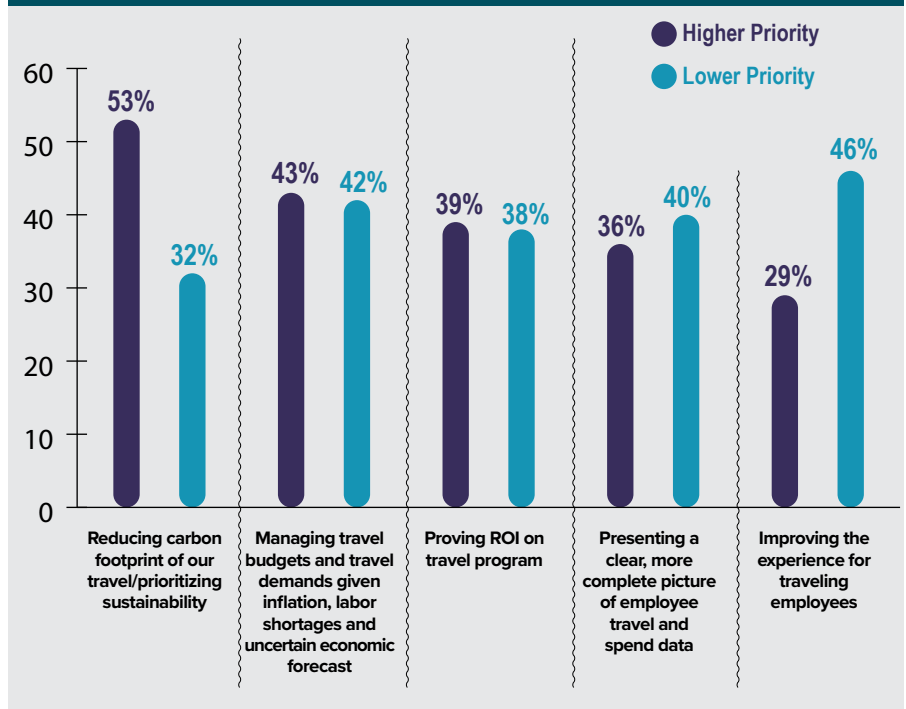including 44% who expect gains of 20% or more. Only 10% expect no change, and 10% a decline.

Not all gains are due to recovering the lost Covid years. Seven in 10 say travel spend will increase because travel costs are on the rise, not necessarily because more people are back on the road. Even with sustainability and cost-savings in mind, budgets for 2023 have no choice but to make allowances for rising prices. More than one-third of respondents are also preparing for higher costs of meetings. But 6 in 10 agreed demand to meet customers and prospects in person was a

contributing factor to expected spending volumes. There are also signs that internal meetings are making a comeback, mentioned by 38%. Interestingly, only 23% had concerns about a recession impacting travel in 2023.

"We are feeling safer to travel," said one travel manager. "We're returning to back to normal," said another. Budgets will also rise due to service contract obligations, a growing workforce, and the opening of new international destinations, travel managers explained.

CHART 6

AS YOU LOOK TO 2023, WHICH OF THE FOLLOWING DO YOU EXPECT TO BE AMONG YOUR TOP BUSINESS CHALLENGES?

Legend:
- ● Higher Priority
- ● Lower Priority

Challenge	Higher Priority	Lower Priority
Reducing carbon footprint of our travel/prioritizing sustainability	53%	32%
Managing travel budgets and travel demands given inflation, labor shortages and uncertain economic forecast	43%	42%
Proving ROI on travel program	39%	38%
Presenting a clear, more complete picture of employee travel and spend data	36%	40%
Improving the experience for traveling employees	29%	46%

SHIFTING PRIORITIES

Travel managers are moving forward, mostly dismissing a possible recession as a travel deterrent. But as they maneuver around higher prices, they are also seeking better tools to make decisions with more confidence. There will be a healthy rise in travel spend in 2023 as all types of meetings gain momentum. Having already received efficiencies in expense flows, travel managers are seeking many different types of solutions, especially those that enhance their main objectives – sustainability, duty of care, and ROI. Meanwhile, travel managers will resume their focus on compliance as they look to regain control of any aspects to the travel program they might have lost during the pandemic. A good outcome depends on reliable data. There is clearly a disconnect between the data sources and the way they are valued and managed. Incorporating more intelligence into the process will help to manage

sustainability, budget, safety, and compliance goals. This can mean hiring or training an insights manager or better utilization and understanding of the tools provided

by the TMC. Either way, gathering and using intelligence will be a major factor in program success as travel managers maneuver through complex times.

CHART 7

FOR YOUR ORGANIZATION'S 2023 TRAVEL, WHICH OF THE FOLLOWING REFLECTS YOUR EXPECTED BUSINESS TRAVEL SPENDING VOLUME AS COMPARED TO 2022? (select one)
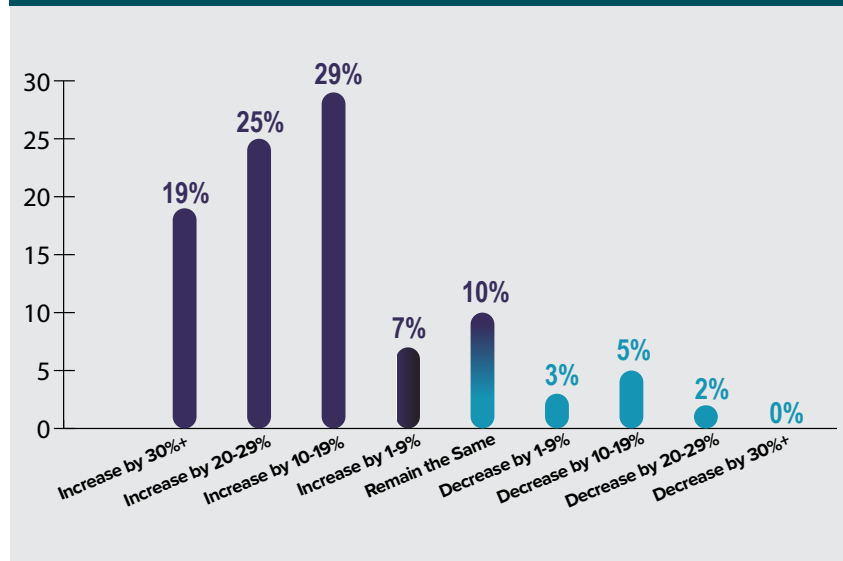

CHART 8

WHICH OF THE FOLLOWING ARE CONTRIBUTING FACTORS TO YOUR EXPECTED SPENDING VOLUMES ON BUSINESS TRAVEL?

Higher costs of travel	72%
Demand to meet customers and prospects in person	60%
Demand to grow revenues from new customers	40%
Need for internal company or team meetings	38%
Higher cost of meetings	34%
Concerns about recession	23%
New ways of doing business	21%

METHODOLOGY

The BTN Group in October invited travel, finance, expense, procurement, human resources and other corporate executives responsible for business travel within their organizations to complete an online survey.

A total of 132 responses were completed by qualified respondents from October 11-31, 2022. Percentages may not equal 100% due to rounding.

FULL-TIME EMPLOYEES IN RESPONDENT ORGANIZATIONS

22%   23%
28%   27%

Fewer than 499

500 to 4,999

5,000 to 24,999

25,000+

CURRENT TRAVEL VOLUMES OF RESPONDENTS RANGED FROM LESS THAN $2 MILLION TO MORE THAN $100 MILLION.

27%   27%
21%   25%

Less than $2 million

$2 million to $9.9 million

$10 million to $24.9 million

$25 million or more
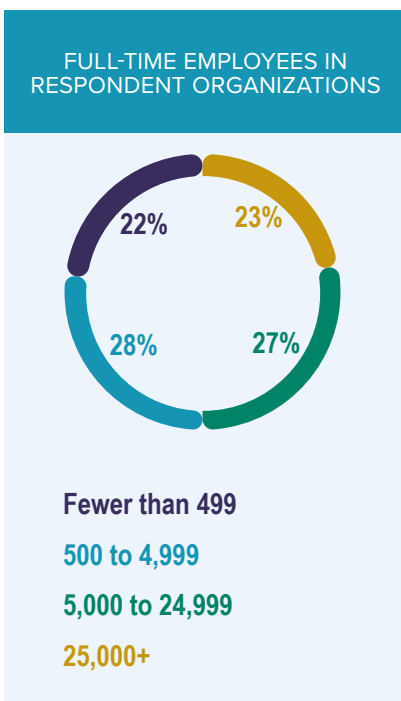
Respondents said they were responsible for company travel programs in multiple countries with

99% in the United States

63% in Canada

57% Western Europe

52% Asia/Pacific

50% Mexico

37% Eastern Europe

31% Middle East

30% South America

26% Central America and

23% Africa

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