

A FRESH LOOK AT CORPORATE MEAL EXPENSE MANAGEMENT

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CONTENT SOLUTIONS

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Comprising roughly 10% of the average organization's annual travel and entertainment spending, dining always has represented a major opportunity for cost-control efforts. However, the actual management of meal expenditures has proven challenging for even corporations with the most mature travel management programs, given the breadth of dining options available to travelers and the resources that would be needed to negotiate with individual restaurants, among several other factors.

According to new research, the potential for savings for those organizations that implement a managed dining program can be significant.

The BTN Group and Dinova in April 2016 surveyed corporate travel managers and executives to assess the state of corporate dining management, and found a variety of strategies used to control meal spending, influence traveler dining choices and communicate policies throughout respondents' organizations. That most organizations are finding their dining costs increasing amid rising food costs, at least in the United States, only underscores the potential benefits of more rigorous mealtime management.

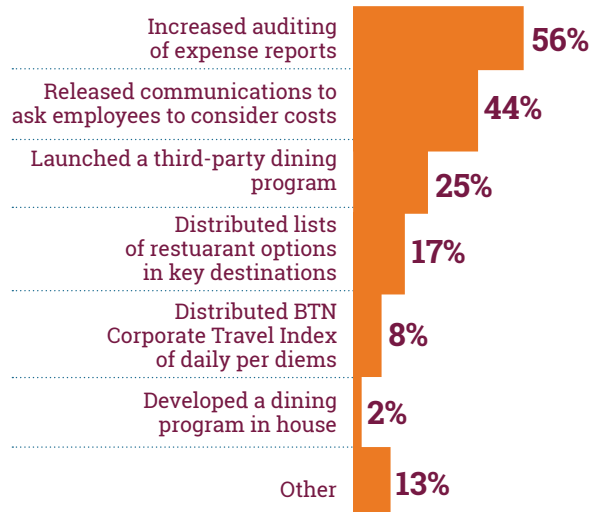




NEW INITIATIVES UNDERWAY

According to the survey, 27% of respondent organizations within the past two years have taken steps to better manage their dining expenditures, with an additional 21% considering doing so in 2016. Specific actions taken or under consideration by those subsets of respondents included pre-trip persuasion via communications campaigns to consider costs when dining on the road and lists of in-policy options. However, the most prevalent initiative selected from the offered choices was increased auditing of expense reports to ensure that travelers complied with corporate food-cost policies.

INITIATIVES COMPANIES HAVE TAKEN, OR ARE CONSIDERING, TO BETTER MANAGE DINING COSTS



SOURCE: The BTN Group/Dinova survey of 114 corporate travel, card and expense managers conducted in April 2016

Other actions taken or considered by respondents include the use of a third-party dining-management program (25% of respondents who have taken steps) and distributing lists to travelers of restaurant options in key destinations (17%).

But more than half of all respondents haven't taken any of these steps, and aren't considering any for the balance of 2016. In fact, 24% of respondents couldn't even identify whether their dining costs in 2015 had changed from 2014 levels, illustrating the degree of understanding and management of food costs, though in many organizations the third-largest category of travel and entertainment expenditure, lags that of the first- and second-largest categories, air and lodging costs, respectively.

FOOD COSTS RISING

Among those respondents who could identify their organizations' food-cost trends in 2015 vs. 2014, about 52% indicated that they increased—and almost two-thirds of them said they went up by at least 6%. Three in 10 indicated their dining expenses stayed the same, with the remainder noting a decrease.

This broadly tracks with BTN's Corporate Travel Index research that shows the daily price of three meals in 100 of the largest U.S. cities in 2015 increased by 1.9% from 2014 levels. According to the 2016 CT Index, the average daily dining costs in the United States rose to \$98.74 for three meals. The average cost of breakfast was \$16.06, lunch was \$25.17 and dinner was \$57.39.

But higher dining expenses aren't merely a function of higher prices. A significant majority of respondents who indicated their organizations' costs went up cited an increase in the sheer volume of meals purchased by travelers as the primary driver of their increased expenditure. Those travelers aren't necessarily dining out at higher-priced restaurants, there are just more of them, often in new destinations and more travel.

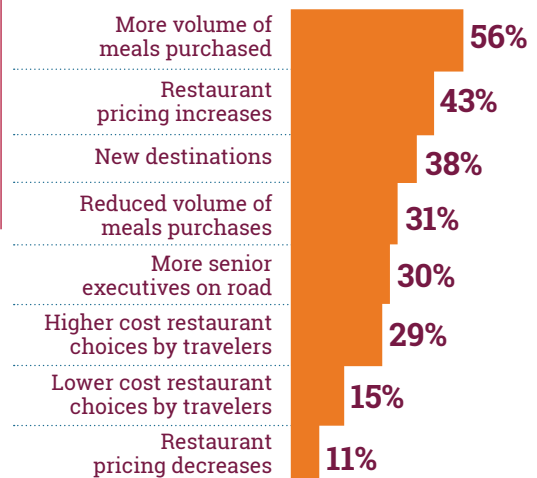
POLICIES AND PHILOSOPHIES

In many cases, organizations have developed formal policies to detail acceptable dining options at least for their employee travelers, and often for reimbursement for their co-workers and clients. But the specific methods by which corporations use policy to control those costs vary widely.

According to the survey, 45% of respondent organizations have put in place policies or guidelines that cap reimbursable per-day dining expenses, while 29%

PRIMARY REASONS FOR COMPANY MEAL EXPENDITURE VARIANCES IN PAST YEAR

Top 2 Reasons By % of Respondents



SOURCE: The BTN Group/Dinova survey of 114 corporate travel, card and expense managers conducted in April 2016



of organizational policies cap per-meal costs. (Respondents were allowed to choose more than one answer.) The former strategy allows travelers to pair a less-expensive breakfast with a more-expensive dinner on a given day and still receive full reimbursement, an option that might not be available under the latter policy. Twenty-three percent of respondents vary meal reimbursement by city or destination, whether via per-day or per-meal caps. There are advantages and disadvantages to implementing maximum per-day or per-meal reimbursement caps. While per-meal caps likely will generate lower meal costs over time, since travelers would not be able to, for example, eat a very cheap breakfast so they could have a more expensive dinner, it could come at the cost of lower employee productivity and morale, if they feel their dining options are too restricted.

Another consideration when weighing reimbursement-cap policies is the increasing prominence of select-service hotels that often offer travelers free breakfast. That amenity is a key feature in some organizations' lodging programs, and some firms now direct travelers to use such hotels, in part because of the free breakfasts, among other amenities. Among the respondents to this survey, 31% at least communicate to travelers reminders that free breakfast or other meals are available at certain hotels, including those that have negotiated rates with the organization.

INFLUENCING CHOICES

While some corporate travelers doubtlessly like to start their day with eggs Benedict and home fries and end

it with a butter-drenched porterhouse, some corporations—particularly those where health and wellness is a focus of organizational culture—seek to guide travelers to far healthier choices. About 9% of survey respondents indicate they communicate healthy-eating guidance to travelers to help influence their food choices while on the road.

On an arguably related note, only about 15% of respondents indicated that the use of quick-service eateries like McDonald's or Starbucks is on the rise among their travelers, far lower than the 34% who noted an increase in the use of independent restaurants and the 33% who cited more traveler use of fast-casual establishments like Panera or Chipotle.

About 13% of respondents, meanwhile, noted an increase among travelers in the use of food-delivery apps or services, while about 9% indicated their organizations have policies governing their use or communicate guidance on the topic to travelers.

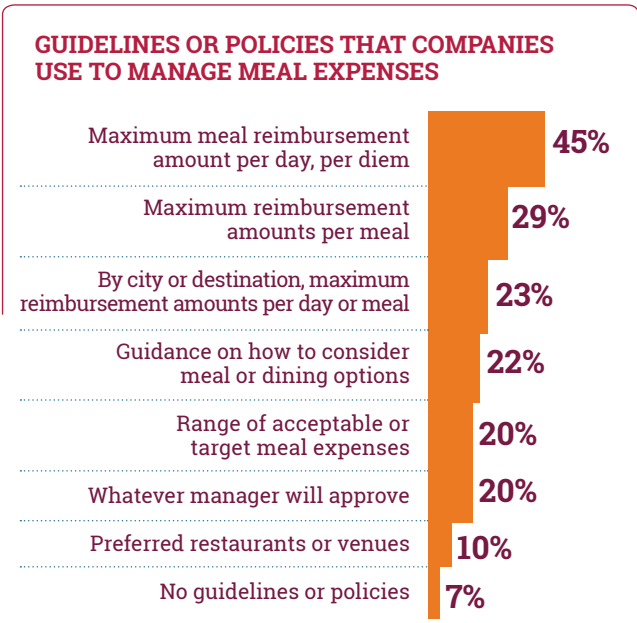
While about 19% of respondents noted an uptick in the use of catering or large group carry-in orders, only 43% indicated that their companies had policies governing catering or meals brought into company offices and 47% said they had policies on meeting or event meals. Both figures were far lower than the 70% or more of respondents who said their organizations had policies in place to govern expense reimbursement for dining expenses for individual travelers, co-workers, contractors, supervisors or clients.

The survey also illustrated the challenges companies face in considering dining negotiating strategies as respondents indicated that the majority of meal expenses occurred outside employees' home markets as business travelers ventured to various destinations. Less than 10% of respondents said that more than half of their dining expenses occurred in employee home markets. More than half of respondents pegged meal expenses in home markets at less than 25% of dining costs and 13% estimated that dining spend share in home markets at 25% to 49% vs. travel destinations.

To even consider a plan to leverage that spend, companies would need to identify destinations and all frequently-used establishments. One-quarter said they didn't know where dining spend occurred.

CULINARY COMMUNICATION

Communication is a key part of any effort to influence travelers' dining choices. Asked to rate avenues of communication for this purpose, respondents selected as most successful their expense policies, followed by training travelers. Taking the top two most successful choices, respondents rated next training admins or agents who make reservations, training business unit budget owners, lunch and learn meetings, newsletters and internal social media. Some have tried none of those options. It



SOURCE: The BTN Group/Dinova survey of 114 corporate travel, card and expense managers conducted in April 2016



appears as though some companies are still trying to identify effective means to share dining policies and practice tips with employees.

While communicating policies to travelers is vital, so too is communicating to management the results of efforts to control dining expenses. But 20% of respondents don't do so at all. About 33% report meal expen-

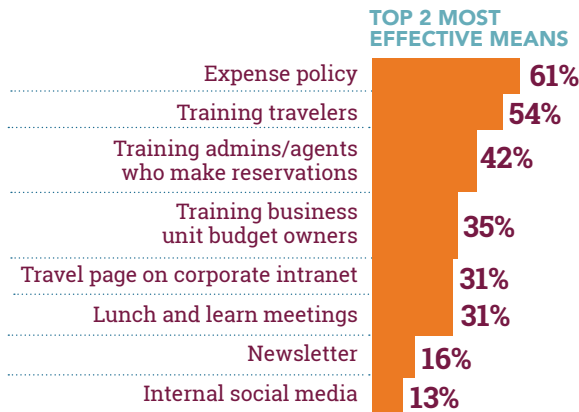
ditures and trends to senior management and business units monthly, 14 percent do so quarterly and 38% do so only upon request or as needed. A small percentage report annually or twice a year.

CONCLUSION AND NEXT STEPS

Comprising roughly 10% of the average organization's annual travel and entertainment spending, dining represents a major opportunity for cost-control efforts.

- The potential for savings for those organizations that implement a managed dining program can be significant.
- While 27% of companies surveyed have taken steps to better manage dining and an additional 21% plan to act this year, more than half of organizations have yet to focus on better managing this spend category.
- Among respondents who could identify their organizations' food-cost trends in 2015 vs. 2014, about 52% indicated that they increased—and almost two-thirds of them said they went up by at least 6%.
- Companies are trying a variety of tactics to inform employees of dining policies and guidance and appear to be open to new methods, as few could identify one most effective tactic.

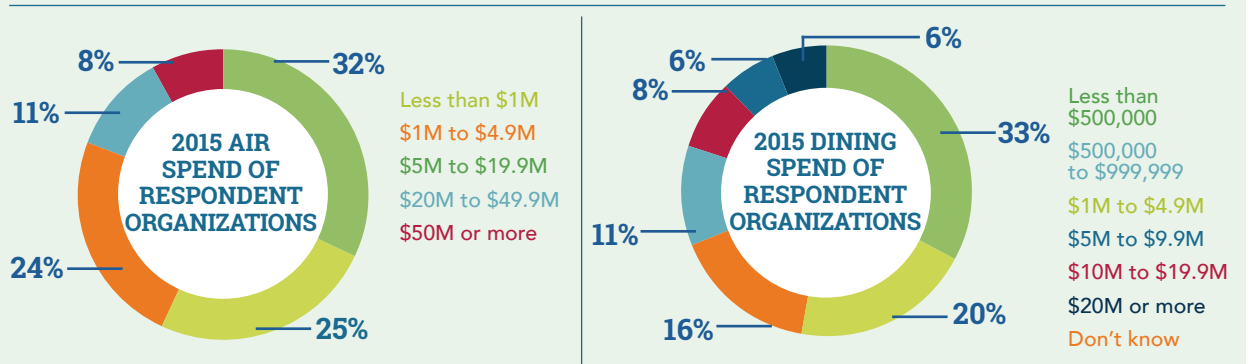
MOST EFFECTIVE WAYS TO COMMUNICATE DINING POLICIES TO EMPLOYEES



SOURCE: The BTN Group/Dinova survey of 114 corporate travel, card and expense managers conducted in April 2016

METHODOLOGY

The BTN Group in April 2016 conducted an online survey of 114 travel buyers and expense managers. About 88 percent identified themselves as corporate travel managers, buyers or decision-makers, while the remainder identified themselves as corporate card or expense managers.



SOURCE: The BTN Group/Dinova survey of 114 corporate travel, card and expense managers conducted in April 2016

ABOUT DINOVA

Dinova LLC is the only company building an innovative, proprietary marketplace exclusively focused on connecting expense account diners to quality restaurants nationwide. As the B2B marketing channel for restaurants, Dinova delivers an always-on, readymade base of highly profitable business patrons. Through a seamless back-end process, Dinova helps companies save on their third-largest T&E category, meals & entertainment, while simultaneously offering company employees an easy, real-time way to discover and locate the right restaurants for all their business needs. Through individual registration with Dinova, employees also receive personal rewards and benefits every time they use their company corporate card at a Dinova network restaurant. For more information, visit www.dinova.com