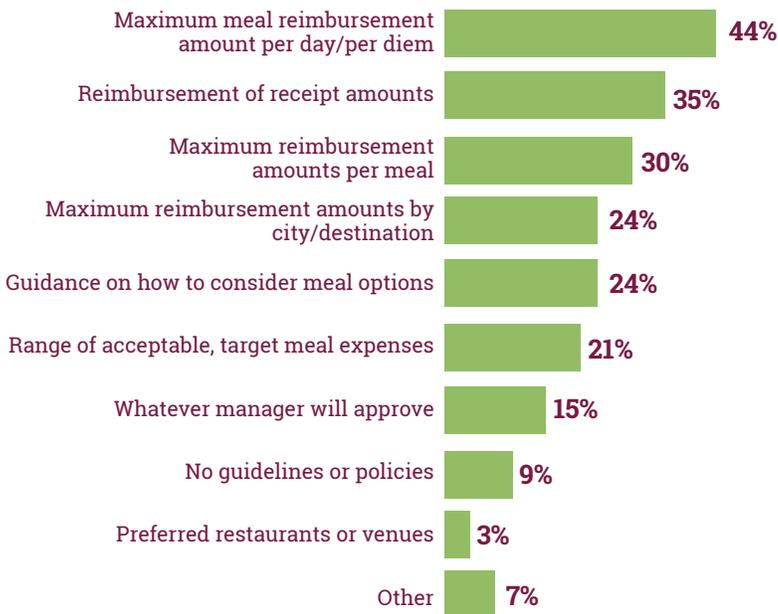# NEW APPROACHES
TO MEAL EXPENSE MANAGEMENT

Today's business traveler is faced with a landscape of dining choices far beyond that of the days when most meals on the road were in the hotel's restaurant, or traveler's room. Now, as midprice hotels without full dining service multiply and even full-service hotels de-emphasize room service, an increasing array of restaurants are offering delivery services, on their own or through delivery apps and on-demand car services.

Such changes certainly are welcomed by business travelers looking for more variety in dining options on the road, but they also can increase the complexity of managing meal expenditure programs. Dining typically has comprised about 10% of an organization's travel and entertainment spending. But 44% of recent survey respondents said meals represented 11% or more of their organizations' total T&E spending. Some buyers said meals were their third-largest travel expense, after air and hotel. For pharmaceuticals, meals can represent nearly half of the T&E budget. Combined with increased travel and meal price increases, it's no surprise that travel managers are looking for ways to better track and control that aspect of their programs.

The BTN Group and Dinova, Inc., for the second year surveyed corporate travel, card and expense managers to assess the state of business dining management. The responses paint a picture of a market where food costs are increasing and choices are diversifying, and while most organizations have at least considered taking further direct action in recent years to better manage dining spend, most respondents report their companies haven't actually done so.

GUIDELINES OR POLICIES THAT COMPANIES USE TO MANAGE MEAL EXPENSES

Maximum meal reimbursement amount per day/per diem	44%
Reimbursement of receipt amounts	35%
Maximum reimbursement amounts per meal	30%
Maximum reimbursement amounts by city/destination	24%
Guidance on how to consider meal options	24%
Range of acceptable, target meal expenses	21%
Whatever manager will approve	15%
No guidelines or policies	9%
Preferred restaurants or venues	3%
Other	7%

SOURCE: The BTN Group/Dinova survey of 195 corporate travel, card and expense managers conducted in April-May 2017

ASSESSING THE MARKET

As was the case in last year's survey, almost every respondent indicated that their organization has a policy in place that addresses employee dining while traveling for business. Additionally, nearly four in five respondent organizations have policies that cover meal reimbursement for an employee's co-workers and supervisors, and about 70% and 60% respectively have policies concerning customer meals and entertainment. Travel policies at less than half of respondent organizations cover dining at meetings and onsite meal catering. These figures all were stable from the 2016 survey.

The methods by which organizations address dining, however, vary significantly. There's no consensus, for example, on whether to allow traveling employees a reimbursable per diem for meals, or to set price caps by city or meal. About 44% of respondents indicated that their organizations have instituted a policy that sets maximum daily rates for meal reimbursement, which was the most frequently noted policy among respondents. About 35%—respondents were allowed to select more than one answer—indicated their organizations will reimburse the amounts on travelers' dining receipts. Between 20% and 30% indicated their organizations have set per-meal or per-city spending caps, or have instituted guidelines or ranges for acceptable dining spending.

SPENDING UP, AS IS BUSINESS TRAVEL

A topic where there is far more consensus among respondents concerns meals and entertainment spending. More

than 57% of this year's respondents who indicated they could compare 2016 dining and entertainment spending with 2015 levels said spending increased during that time, and of those, more than half indicated that year-over-year spending increased by at least 6%. About 27% indicated such spending stayed roughly the same from 2015 levels, and 16% indicated it had dropped.

These figures on average indicate that business dining spend generally increased when compared to 2015. In last year's survey, 52% of respondents who could answer noted that business dining spend increased from 2014 levels, with 31% noting spending held flat and the remaining 16% citing a year-over-year spending drop.
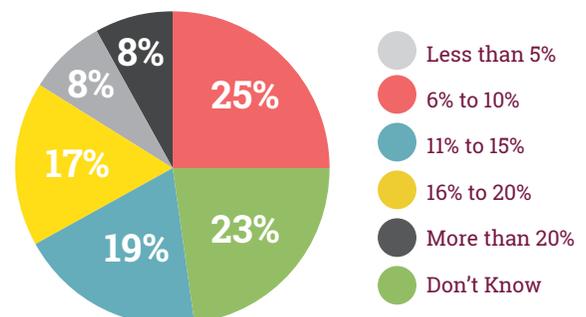
Far more respondents to this year's survey characterized their organizations' increased 2016 spending as a function of additional business travel, as opposed to higher restaurant prices. When asked to cite the primary reason their organization's 2016 business dining expenditure changed year over year—whether it increased or decreased—38% cited the fact that their business travelers purchased more meals, while only 10% indicated that main reason was higher restaurant pricing.

This falls in line with what some analysts considered a soft 2016 for the restaurant industry. The National Restaurant Association at the beginning of 2016 projected full-year U.S. restaurant sales of $782.7 billion, but the actual total of $766 billion fell short. BTN's Corporate Travel Index assesses average daily business travel costs across 100 of the largest cities, and in the most recent edition showed the average daily U.S. cost for three meals for a business traveler in 2016 declined 1.2% year over year.

DELIVERING CHANGE

While the restaurant industry on the whole may have seen better days, there are certain segments that are seeing rapidly increasing interest from the travelers from respondent organizations, according to this survey. Specifically, 45% of respondents indicated that their travelers are increasing

MEAL COST SLICE OF T&E SPEND

Slice	Value
6% to 10%	25%
Don't Know	23%
11% to 15%	19%
16% to 20%	17%
Less than 5%	8%
More than 20%	8%

Legend:
- Less than 5%
- 6% to 10%
- 11% to 15%
- 16% to 20%
- More than 20%
- Don't Know

SOURCE: The BTN Group/Dinova survey of 195 corporate travel, card and expense managers conducted in April-May 2017

their use of fast-casual restaurants, far higher than the 33% who reported such an increase in last year's survey.

While some of that increase is due to direct delivery inaugurated by fast-casual chains, others are due to the spread of food delivery apps into suburban locations and other areas outside of major city centers. Such apps could enable all types of restaurants to deliver on demand to business travelers' hotels or office locations. About 16% of respondents to this year's survey indicated their organizations' travelers are increasing their use of these apps or services, compared with 13% last year. Such apps could even help the fortunes of independent restaurants, as the 26% of respondents who cited increasing use of those establishments dropped from 34% last year.

More than 20% of respondents cited increased use of catering or larger group carry-in orders as a trend, about the same percentage who cited this as a factor last year. Respondents also were asked to identify the share of meal expenses that occurred in their company headquarters' market versus other markets. For one-third of respondents, 10% to 24% of meal expenses occurred in their HQ market, while 24% said less than 10% of meal costs were incurred there. About one-quarter of respondents couldn't identify the share.
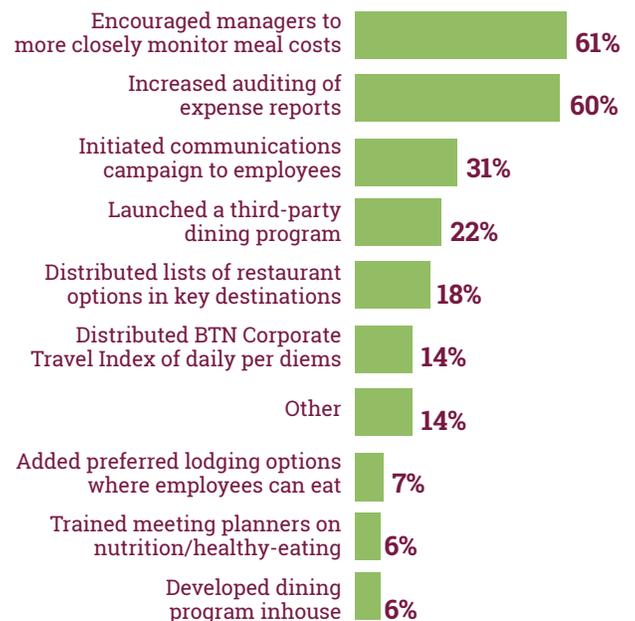
POLISHING POLICY

Only about 6% of respondents surveyed indicated that their organization provides any guidance or has any policies in place regarding the use of food delivery apps, and only 12% offer any policies on the types of restaurants travelers should consider. While almost 30% remind their travelers of complimentary breakfast included in their negotiated hotel rates, nearly six in 10 respondent organizations have no language on any of those topics, nor do they offer guidance on healthy eating options or include hotels with kitchenettes so travelers can prepare their own meals if they so choose.

It is these types of policies, though, that can help travel managers devise a more comprehensive and cost-effecting dining and entertainment program. There are other initiatives, too, that companies are putting in place beyond simply setting per diem dining expenditure caps to help gain further control of their programs.

FOCUSING ON MEAL EXPENSES

For example, 61% of this year's respondents either have begun encouraging individual managers at their organizations to more closely monitor their departmental travelers' meal expenses, or indicated they have plans to do so in 2017. Similarly, 31% have taken or plan to take that message directly to travelers this year, launching communications programs with them directly to consider cost when making dining decisions on the road. (Respondents were allowed to choose more than one answer.)

INITIATIVES COMPANIES HAVE TAKEN, OR ARE CONSIDERING, TO BETTER MANAGE MEAL EXPENSES

Initiative	%
Encouraged managers to more closely monitor meal costs	61%
Increased auditing of expense reports	60%
Initiated communications campaign to employees	31%
Launched a third-party dining program	22%
Distributed lists of restaurant options in key destinations	18%
Distributed BTN Corporate Travel Index of daily per diems	14%
Other	14%
Added preferred lodging options where employees can eat	7%
Trained meeting planners on nutrition/healthy-eating	6%
Developed dining program inhouse	6%

SOURCE: The BTN Group/Dinova survey of 195 corporate travel, card and expense managers conducted in April-May 2017

About 60% of respondents have increased auditing of employee expense reports or plan to do so this year, up a little from the 56% in last year's survey who indicated similarly.
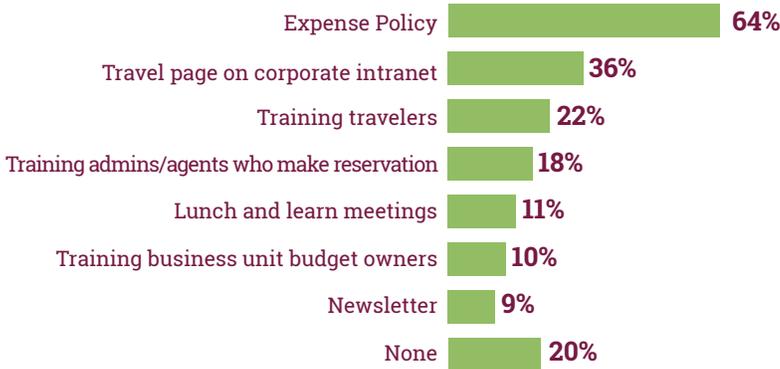
Nearly 22% have launched a third-party dining program (like Dinova), while about 6% have developed a dining program in-house, and about 18% have distributed lists of restaurant options in key destinations.

Several respondents noted that efforts thus far have focused on data analysis. One indicated a new expense report to highlight employees who exceeded a daily meal limit and send an automated message to repeated violators. Another noted a new policy that "sets limits when large numbers of employees are traveling to the same event in the same city." Most simply noted efforts to clarify, standardize or update policies, such as "moving from reimbursing actual expenses with receipts, including snacks, to breakfast-lunch-dinner only with a max on each."

COMMUNICATIONS IS KEY

When asked how their organizations communicate these policies or guidelines to employees, 64% of this year's respondents said through expense policies, and 36% said they do so via their corporate intranet. (Respondents could select more than one answer.) Training – of travelers, admins who book reservations or business unit budget owners – is key for some. But 20% of respondents said they had no communications about meal expenses

HOW COMPANIES COMMUNICATE MEAL EXPENSE INFORMATION

Expense Policy	**64%**
Travel page on corporate intranet	**36%**
Training travelers	**22%**
Training admins/agents who make reservation	**18%**
Lunch and learn meetings	**11%**
Training business unit budget owners	**10%**
Newsletter	**9%**
None	**20%**

SOURCE: The BTN Group/Dinova survey of 195 corporate travel, card and expense managers conducted in April-May 2017

HAS YOUR COMPANY TAKEN INITIATIVES IN THE PAST TWO YEARS TO BETTER MANAGE DINING SPEND?

20%
46%
34%

- Yes
- No, but are considering this year
- No

SOURCE: The BTN Group/Dinova survey of 195 corporate travel, card and expense managers conducted in April-May 2017
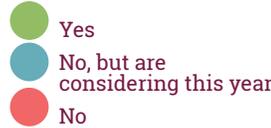
REPORTING MEAL EXPENSES TO MANAGEMENT

Consistent with last year's survey results, 42% of respondents said they report meal expenditures and trends to business units or senior management as requested / needed. For about 18% of respondents, that is "never," while 27% said they report monthly and 16% report quarterly.

CONCLUSION AND NEXT STEPS

More than one-third of companies surveyed have taken steps to better manage dining (8 percentage points more than a year ago) and an additional 20% plan to act this year. However, 46% of organizations have yet to "take initiatives" to better managing this spend category.

* Meanwhile, 43% of survey respondents said their organizations' 2016 spending on meals and entertainment increased over the year before; 20% said it remained the same; 12% reported a decrease; and 25% don't know.
* One-third of survey respondents said meal expenditures represented 10% or less of their organization's T&E spend, while 44% said meals were 11% or more of their T&E spend makeup.
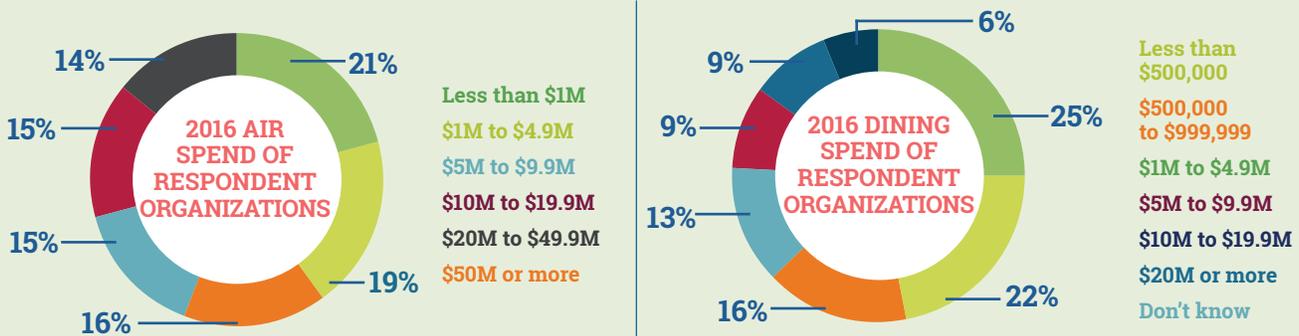* Given that meal costs are increasing, whether as a slice of the T&E pie or year-over-year expenditures, companies should explore the opportunities to better manage the category.
* Regular reports to business unit leaders or senior management should include meal expenditures as a means to highlight overall spending and trends.
* Data is key to better understand how much of the T&E pie meal expenditures currently represent and the potential savings. Analyze corporate card and expense data, run special reports in expense systems to grasp a better understanding.

METHODOLOGY

The BTN Group in April and May 2017 conducted an online survey of 195 travel buyers and expense managers. About 90% identified themselves as corporate travel managers, buyers or decision-makers, while the remainder identified themselves as corporate card or expense managers.

2016 AIR SPEND OF RESPONDENT ORGANIZATIONS

14% · 21% · 15% · 15% · 15% · 16% · 19%

Less than $1M
$1M to $4.9M
$5M to $9.9M
$10M to $19.9M
$20M to $49.9M
$50M or more

2016 DINING SPEND OF RESPONDENT ORGANIZATIONS

6% · 9% · 9% · 13% · 16% · 22% · 25%

Less than $500,000
$500,000 to $999,999
$1M to $4.9M
$5M to $9.9M
$10M to $19.9M
$20M or more
Don't know

SOURCE: The BTN Group/Dinova survey of 195 corporate travel, card and expense managers conducted in April-May 2017

ABOUT DINOVA, INC.

Dinova, Inc., 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 backend 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