



FCM INSIGHT

# Get with the programme

Managing travel procurement in a complex and dynamic world



# GET WITH THE PROGRAMME

## Rich, global content is nirvana for travel managers

*Rich global content from rail, air and hotel suppliers is key for the corporate community but the changing distribution landscape makes that goal challenging for all parties involved in the delivery process. The phrase, Content is king, couldn't be more apposite to describe today's dynamic world of business travel management. Rich content is at the core of any good travel programme. Content correlates directly to personalisation, traveller satisfaction, friction-less travel, compliance and therefore ultimately, cost savings made from securing bookings negotiated rates from preferred suppliers and booked through one channel.*

**Rail, air and hotel suppliers yield manage their content to maximise their supply with demand so that day of the week, time of day, season, city, route, distance, level of competition, what channel you use to book, how much you book and what you book, and many other factors, impacts on the price you pay.**

The bottom line is that rail, hotel and airline suppliers have sales strategies over their content that favour some corporates over others. For example, a hotel usually takes a low-risk sales approach so as not to be over-reliant on a small number of large corporates. They also favour those corporates with a balanced mix of F & B, meeting and transient bookings in their hotel spend by giving them the largest discounts.

Because of the ever-changing distribution landscape, how a corporate books particular content can greatly influence the end price: direct or via an OTA or TMC? If common sense prevails, then using a TMC for all bookings satisfies data capture and duty of care.

Every corporate will know where every traveller is and can therefore find solutions to any disruption to the traveller's journey, and receive rich data to influence future supplier negotiations.

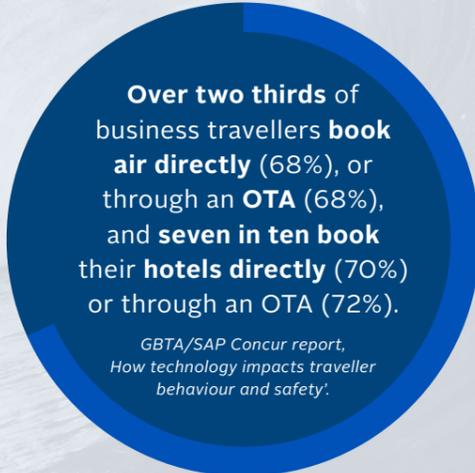
On the flip side, Online Travel Agencies (OTAs), offer more convenience, selection and better prices – on the face of it at least - and are therefore more appealing to travellers. However, they are not authorised booking channels and cause significant leakage, loss of savings and concerns over traveller safety. Furthermore, TMCs often negotiate additional benefits at the same rate as OTAs so travellers are not always comparing apples with apples.



Getting hold of rich content is the end goal of every travel management company but this task has never been so challenging as new entrants have disrupted the market while OTAs have added confusion. The increasingly fragmented distribution landscape has added complexity as well as cost.

Travel managers and procurement directors want to ensure that they have the best fare or rate. They want price parity across channels. They want choice for their travellers and be safe in the knowledge that they can capture data from all bookings made outside of corporate channels in order to satisfy duty of care. They want content in one place.

Multiple booking channels must be aggregated regardless of source or user in order to deliver the widest range of content, and seamlessly if the corporate client is to truly benefit. Business travel management has never been so complex, nor the role of the travel management company so vital in this process in order to simplify, add value and keep travellers safe.



# The challenges of obtaining full content

*Fragmented content must be captured from multiple sources via APIs. The APIs allow TMCs to aggregate the omni-channel content, create new products and partnerships, tools, services and the data to support what is otherwise an out-of-policy booking.*

**All TMCs are busy incorporating third party APIs to keep ahead of the curve. Booking technology has to be open source and connectable with other technologies to aggregate new disruptors, representing the best chance of replicating the leisure travel booking experience and improving compliance as happy travellers are compliant travellers.**

The emergence of the OTAs in the marketplace, the likes of Expedia and booking.com for example, some 20 years ago fragmented travel programmes as they fundamentally changed how some corporates sourced hotels. "Historically in a GDS-only world, corporates could rely on static negotiated rates to give them a saving and reward their volume and loyalty," explains Ed Stalley, Head of Product, Corporate Brands, FCM in Australia.

The initial reaction to OTAs was hotel programme leakage as travellers price-compared and found what they believed to be better availability or a cheaper rate on an OTA website. Today, however, the picture is different as TMCs have educated travellers on the difference between the two, that an OTA price doesn't compare with a negotiated hotel rate which will include a room guarantee and very often value-added benefits such as an upgrade, an F & B voucher and points.

Nonetheless, benchmarking with an OTA is possible today as booking tools aggregate OTA content.

"Corporate booking technology has caught up and now we see rates from GDS and OTAs aggregated side by side," says Stalley. "Where corporates are prepared to allow prepaid rates, or have a best rate on the day policy, the channel mix is changing. Customers can take advantage of OTA specials, distressed inventory, and prepaid rates to find a saving. Another big advantage is the amount of regional non-GDS accommodation which is now available for corporates through aggregated OTA content."

Keeping up with this ever-changing market means staying ahead of the curve. "What we try and do is stay ahead of the market and source what's readily available now," says Greg Watson, Supplier Relations Manager SEA, Airlines Air Buying at FCM.

The fact that travellers are using channels outside their company's mandated channels to book travel means that TMCs must not only bring in that content but also replicate the leisure booking travel experience as much as possible to improve compliance. Apps can offer many of these lures, such as gate changes, flight delays and the like and in so doing, help business travellers run their business lives just as seamlessly as their personal lives. The buzzword is to reduce trip friction and enable self-service across multiple devices.

According to a joint GBTA/Concur report, travellers want three things: personalised booking, pre-trip approvals/travel personalisation, and intelligent expense reports.

Despite APIs being the way ahead, Adrian Parkes, Chair of the UK's Guild of Travel Management Companies (GTMC), has concerns over the service capabilities and scalability of the APIs if the distribution landscape continues to expand. "Will they be able to handle industrial-size scale," he asks.



**Four out of five (80%) travel managers do not use technology to capture bookings made outside of their programme.**

GBTA/SAP Concur report, 'Lost in translation: Changing Landscape, Familiar Challenges. August 2018.

**39% of travel managers surveyed said travellers think they can get a better deal and save money elsewhere.**

**56% of travel managers are apprehensive about employees booking outside of policy.**

**55% believe the company may be missing out on opportunities to save money.**

ACTE (Association of Corporate Travel Executives) report, 'Booking Tools and Technologies: One Size Does Not Fit All'. June 2019

# The inside story

*The company's travel policy is key to improving compliance and will depend on how it's written, communicated and policed. Is it just guidelines or a policy that's strictly mandated? Is there a pre-trip approval process? Are Exception Reports acted upon?*

According to Scott Reddie, Global Director of Account Management of FCM, corporates are changing tack in regard to type of policy. He says: "I think on the spectrum of traveller centric vs company centric the trend is definitely heading towards focusing on traveller/user experience. So making hard and fast policy mandates is on the decline and end user experience on the up."

"It is our job though to help identify the areas that have a big impact and try to focus attention on what effect booking behaviour shift has on ROI and what is tolerable as it has limited impact on bottom line – you cannot focus on everything."

Nonetheless, the travel policy must detail booking horizons, rate caps for cities, preferred carriers, and so on. And it must be managed.

With rail for example, historically one of the most complex spend categories, it can now be part of a structured travel programme if travel managers persuade travellers to book early, shun anytime tickets and purchase off-peak tickets instead, and by planning meetings well ahead for non-customer facing meetings.

Buyers are able to achieve savings on air through the traditional strategy of market share switches to preferred carriers but also through a huge panoply of other tactics, including rate auditing, mixing classes, flying indirect, route deals, exploiting corporate loyalty programmes and flagging up buying advice in the self-booking tool. Furthermore, the policy can favour lowest logical/best option on the day as these can often undercut all of the above, so too can the TMCs own negotiated fares. Best practice is to use the route deal as a benchmark against all the other options.

Hotel accommodation is no different in terms of its complexity and the multiple rates on offer through multiple channels. There are customised rates, corporate consortia rates, promotional rates and conditional rates, to name a few. Moreover, channel parity has yet to arrive and so price checking is just as crucial for overnight stays as it is for overnight flights. It means that today, hotel inventory looks more and more like airline inventory thanks to OTAs such as Trivago or booking.com.

Travel policy is also influenced by how employers want to treat their travellers. Travel programmes have become selling tools in the area of staff retention and in certain competitive industry verticals employers may have to offer business class flights, for example, if they are to retain their talent pool.

Similarly, a company travel policy reflects how a company looks after the wellbeing of its travelling employees. It's part of a trend that is stretching the boundaries of duty of care into taking a more holistic view of travelling employees. Cost control and risk mitigation are still the main focus but in tandem, companies are looking at the negative physical impact of travel. For example, traveller burnout from too many Red Eye flights perhaps, or flying through too many time zones, insufficient downtime between trips, the frequency of business trips and the thresholds between flying economy and business class.

Some travel policies may need to be adjusted in order to add more flexibility and avoid the red flags of absenteeism, stress-related illnesses and high recruitment costs.



# Deal or no deal?

*The managed corporate travel programme is the face of the aggregated content. It's the collection of deals negotiated with all suppliers and is the content which is uploaded to the self-booking tool. What's been negotiated in the programme has a direct correlation to traveller satisfaction and therefore compliance.*

If the content is rich then there's a better chance that it will be adhered to. Is there a mix of boutique hotels alongside the more staid corporate hotels, for example? Does the programme include apartments for re-locating staff or staff on long-term contracts? "A lot more customers want a more varied approach to their hotel programmes. Gone are the days of just negotiated rates. They need more flexibility outside the key chains," says Rachael Deede, FCMs Director Product & Marketing for Asia.

Arguably, less is more. There is a strong argument that curated content will sit better with today's traveller than unlimited access to multiple suppliers, as personalisation is what travellers want.

What's key is not to strike deals with everybody but just those that will be effective. Warns Jo-Ann Lloyd of consultants Nina & Pinta: "The deal might make perfect commercial sense, particularly if an airline has offered slash and burn rates and no targets, but if nobody's going to fly that airline then it will be ineffective. Don't fight a rising tide."

"Travel managers think it is important to have control of the 'content' they display through corporate booking channels. They value labelling preferred suppliers, controlling the order in which hotel options are displayed, and controlling the rates that are included in the shopping results."

GBTA/SAP Concur report, 'Lost in translation: Changing Landscape, Familiar Challenges. August 2018

# The booking process

*The booking process to access content is the cornerstone of travel management and the booking tool a key piece of technology for all point to point bookings, which account for the majority of bookings. However, the booking process can often be un-user friendly and the key is for these booking tools to replicate the leisure booking experience. “The booking experience needs to be highly flexible and should look and feel like it does when they book personal travel,” said Fitzgerald Draper, director of research at ACTE.*

**Leakage is a major challenge for corporates as the cheaper rates your traveller unearths on OTAs do not satisfy duty of care as there is no traveller tracking and CSR is nowhere to be found. The rates may be highly discounted but they are also non-refundable. Like-for-like with corporate rates doesn't cut it in the OTA world.**

“Everyone's a travel agent now but the best deal may not be the cheapest deal,” says Rachael Deede, Director Product & Marketing, FCM Travel Solutions Asia.

Adds FCMs Scott Reddie: “Booking outside of corporate channels takes away one of the key things driving management of spend – visibility. We flirted with open booking and trying to loop back into cost tracking via expense systems but that left too big of a support gap when things don't go according to plan. Who likes sitting on hold for hours to get through to a low-cost airline?”

Moreover, corporates do not have the resources to keep travellers safe when their travelling employees book outside corporate channels. “If you are entrusting travellers to always forward their bookings to a 3rd party platform then you increase the margin for risk. That is a risky approach to risk management!” says FCMs Reddie.

To gain adoption of a self-booking tool means improving the end user experience. For example, a minimum number of key strokes to confirm a booking. Visual guilt can also be used to advantage in the OBT, with timed messages appearing on the screen at key stages of the booking process as reminders to do the right thing. Moreover, the OBT can show what hotels and airlines are in policy, by showing rate caps for example.

Managing a business travel programme has become far more complex and the role of the travel manager has evolved in order to rise to these challenges. Compared to five years ago, the average travel manager now spends far more time on a variety of different functions, namely data/analysis reporting (66%), evaluating or implementing new technology (66%) and traveller safety/duty of care (60%) according to the GBTA/SAP Concur report, ‘Lost in translation: Changing Landscape, Familiar Challenges’.

Today's travel manager has to be far more proactive as the marketplace they are dealing with is dynamic and therefore requires continuous sourcing so they are actively managing the spend.

“On average, almost **two out of five** hotel bookings are made **outside** of corporate channels. The average is similar between programmes with **strict ‘mandated’ travel policies** and those with **flexible policy ‘guidelines’**”.

GBTA/SAP Concur report, ‘Lost in translation: Changing Landscape, Familiar Challenges. August 2018.

**92%** of travel managers have **adopted online booking tools**, but only **47%** of travel managers **educate** their travellers on a regular basis about their company's **booking tools**.”

ACTE (Association of Corporate Travel Executives) report, ‘Booking Tools and Technologies: One Size Does Not Fit All’. June 2019

“A **majority of business travellers** book their air or hotel **directly** with suppliers or through an **online travel agency (OTA)**, yet **less than half** indicate their organisation has a way to **capture traveller data** if they book **outside** of corporate channels. This **lack of visibility** has **critical** implications for both travel **spend** and **duty of care**.”

GBTA/SAP Concur report, ‘How technology impacts traveller behaviour and safety’.

**90%** of those surveyed agreed that **optimising their online booking tool platform for company policy and preferred options was moderately or extremely important**.

ACTE (Association of Corporate Travel Executives) report, ‘Booking Tools and Technologies: One Size Does Not Fit All’. June 2019

“Travel managers are **excited** about different booking innovations. These include a more **consumer-friendly booking experience**, personalised booking and live online chat.”

GBTA/SAP Concur report, ‘Lost in translation: Changing Landscape, Familiar Challenges. August 2018

# Outside influences

*The business travel distribution model was ripe for change, having relied on Global Distribution Systems (GDSs) for over 50 years. Legacy processes dating back to the world of paper tickets were dominating the way the airline industry sold and distributed itself so something had to give. Airlines had become increasingly frustrated that they were not retailing their entire product range as they would like.*

**Enter NDC (New Distribution Capability), an XML-based data transmission standard developed by IATA that allows the airlines to not only distribute their content in real-time but more of it, with a particular emphasis on their lucrative ancillaries. They want to unbundle fares and package them up in different ways, adding a seat, a bag, a meal, a departure lounge or whatever the client wants.**

Airlines claim it will allow a more personalised travel experience, a route to better and richer content. "Airlines have been offering different content on their websites so now NDC will access it all," explains Jason Toothman, EGM, Global Air Distribution, for Flight Centre Travel Group. "The 'buy' side of the industry can capitalise on NDC by creating an environment and new experiences for our customers."

Whether that translates to less expensive fares or an improvement to the GDS is yet to be proven. What it will mean is a review of travel policy. Corporates will have to detail which ancillaries are in policy. Will they allow travellers to book wifi, a meal or a different seat, for example, in this new world of unbundled airfares?

NDC is still evolving and it is likely that TMCs will have to bear the brunt of a two-tier booking system,

booking through NDC-compliant airlines and non-NDC compliant airlines yet to adopt the IATA standard.

NDC presents one of the TMC world's biggest challenges operationally, centred around implementation. A collaborative approach, between airlines and TMCs, has moved the project forward and most industry observers believe that TMCs will be able to scale up volumes while giving clients the choice and transparency they demand.

"It's a good new story and will bring no disruption to servicing clients," says Toothman. Moreover, colleague Nicola Ping, Manager Air Content & Distribution EMEA for FCM, adds: "It will bring innovation and new products. We are working closely with OBTS so availability today will be available tomorrow. Nothing will change."

TMCs see the merchandising benefits that NDC can bring as it will allow them to tailor airline products to each specific client, negotiating value adds and delivering a better overall experience.

And change is not stopping there, as IATA already has phase two of NDC well underway: ONEOrder, a far bigger change than NDC. It can only proceed when NDC reaches an acceptable scale and will consolidate different elements into a more manageable single entity – and one customer number – and ultimately hotels and car rental bookings could come under its wing. This will make problem-solving for agents and passengers much easier. The PNR will be eradicated in the long term.

Explains Adrian Parkes, chair of GTMC: "The point of ONE Order is to do away with the multiple booking, ticketing, delivery and accounting methods that airlines use and replace them with a single customer order. The idea seems obvious, but it is a giant leap for legacy airlines, which are largely still stuck with processes established well before the digital era."

One thing is for sure, technology will continue to impact our industry. Concur's report on travel in 2030 reads like science fiction but it's all perfectly feasible. Autonomous vehicles, flying taxis, hyperloops, electric regional aircraft and blockchain have all been flagged up in the report as the dawn of a new era in corporate travel. Exciting times lie ahead.

**"ONE THING IS FOR SURE, TECHNOLOGY WILL CONTINUE TO IMPACT OUR INDUSTRY."**

**Four out of five (78%)** Travel Managers rank **consumerisation** among the **top three innovations** they are most excited about offering out of the six assessed." The six are consumerisation, personalised booking, live chat, predictive intelligence, AI chat, virtual reality.

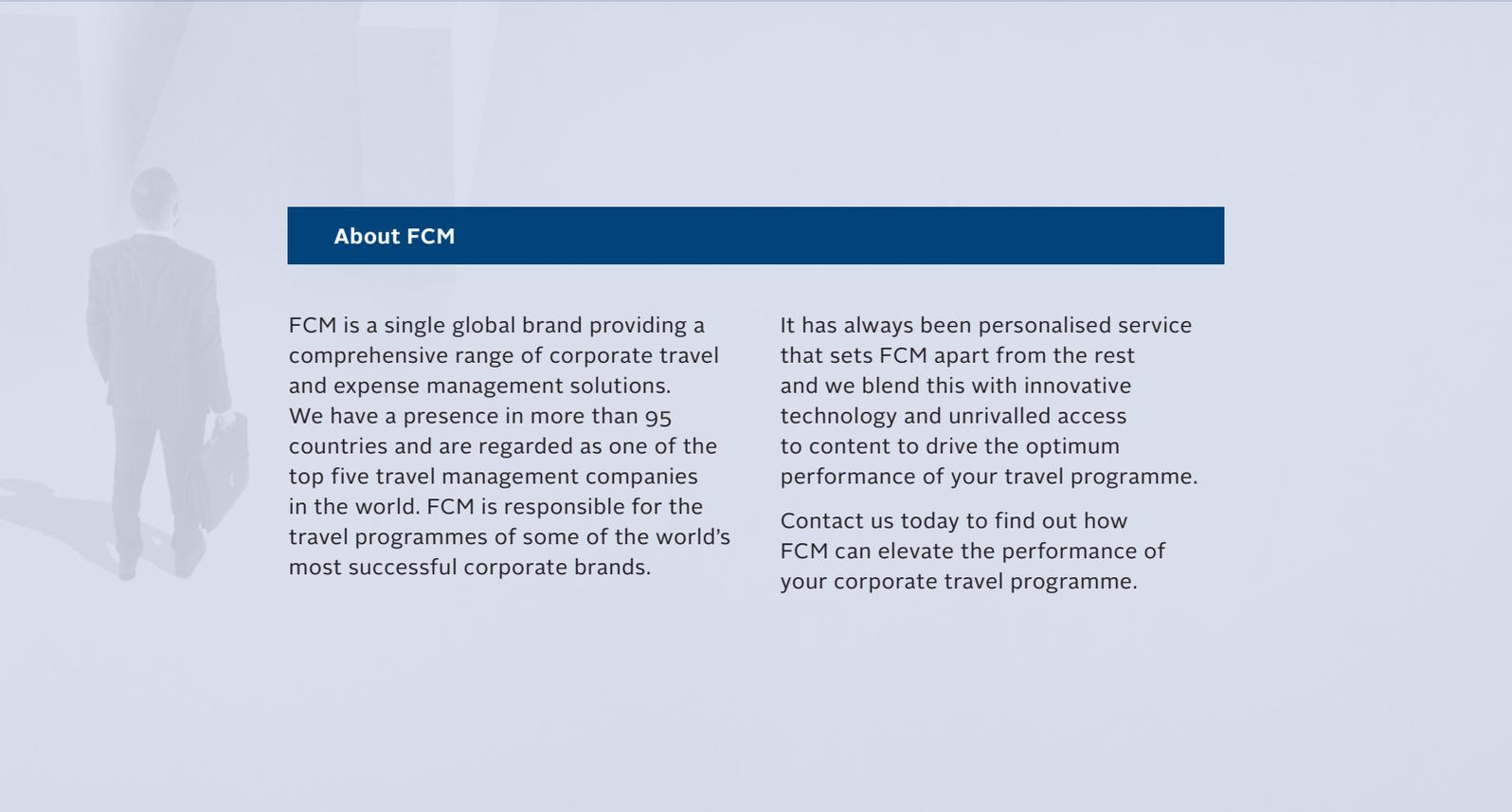
GBTA/SAP Concur report, 'Lost in translation: Changing Landscape, Familiar Challenges. August 2018.

Only **11%** of travel managers said they use **chat and instant messaging channels** but **more than a third** plan to add them as an option for travellers **in the future.**

ACTE (Association of Corporate Travel Executives) report, 'Booking Tools and Technologies: One Size Does Not Fit All'. June 2019

**"Itineraries will become dynamic, agile and self-thinking entities** powered by AI, personalised to the traveller's preferences, compliant with **company travel policy** and tweaked by the individual traveller using a **digital conversational interface.**"

SAP Concur report, Corporate Travel 2030. Preparing for the future in a transforming industry'.



## About FCM

FCM is a single global brand providing a comprehensive range of corporate travel and expense management solutions. We have a presence in more than 95 countries and are regarded as one of the top five travel management companies in the world. FCM is responsible for the travel programmes of some of the world's most successful corporate brands.

It has always been personalised service that sets FCM apart from the rest and we blend this with innovative technology and unrivalled access to content to drive the optimum performance of your travel programme.

Contact us today to find out how FCM can elevate the performance of your corporate travel programme.