

Case Study

Globalising a local-driven preferred hotels programme

Background

A global drinks manufacturer and distributor. Serving up international and domestic travel around the US, UK, Africa and Asia, with 5,000 travellers keep business flowing through site visits, board meetings and product launches.

In 2020, the company mandated FCM for travel bookings. Where travel planning and reporting was usually local, it was all consolidating into a global instance. And since so much money is spent on hotels, this was a priority area to manage.



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Hotels not booked with us



70%

Compliance targeted



\$748k

Savings generated

A fragmented hotel programme

Managed locally by country or regional stakeholders, with a mix of chain and local, independent properties.

The rates negotiated with these hotels were not loaded in one central database, so not all employees could access them. Travellers weren't mandated to book these rates; it was a suggestion.

As a result, only a third of travellers at the company were booking approved hotels through FCM. Instead they were booking direct on the hotel's website or using online sites.

It was difficult for the client's global travel team to really know how much money was being spent on hotels. With practices and rates varying around the world, there was no efficient way to gather that data together and identify ways to improve savings and efficiencies.



Objectives – Year 1

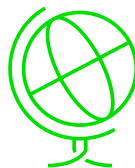
Globalising was the overall goal. Internally, and together with FCM, that meant:

- Engaging all stakeholders globally to collect details of current preferred hotels and rates.
- Understanding what all stakeholders required and identify what was valuable.
- Identifying alternative hotels in all locations to benchmark for rate and add options for selection.
- Evaluating chain coverage.
- Identifying opportunities to consolidate spend into key hotels.
- Increasing coverage globally particularly on higher risk locations.
- Creating a single global directory and all rates loaded via the GDS for global access.
- Regularly reviewing and updating the programme.
- A target of 70% compliance vs 30-40% in previous year.

It was then time to engage with hotels, including:

- Approaching all current preferred hotels to discuss best approach for the best value including rate negotiation and amenities.
- Approaching chains for global deals.
- Collecting safety and security information for all hotels.

RESULT



A global directory of hotels

is now available, covering 3* and 4-5* properties. The client saved \$748,000 in spend on hotels. This was 10% of spend.

Adapting further plans for COVID

There's always market and wider factors that affect hotel prices, but COVID really put a spanner in the works. Comparing and negotiating rates isn't the same when availability and travel volumes are so drastically different.

Our client paused their plans for consolidation and RFP for preferred hotels. Instead, rates were rolled over and hotel booking through FCM became mandatory. Every preferred hotel was COVID-checked. With every hotel booking coming through FCM, the client could not only see the total cost of hotels, but knew travellers were staying at vetted and trusted hotels.

A dual approach to hotel prices was adopted. Firstly, dynamic pricing to match the uncertain market conditions as during the pandemic it was difficult to predict prices quarter by quarter. Secondly, the client retained fixed pricing to protect them from future price rises.

Work continues to expand the programme into Korea, Taiwan and Japan, as well as London following an office relocation.

“Consolidating a hotel programme like this is no mean feat. By working with regional stakeholders and thinking about global priorities, they now have a complete overview of what is being spent in hotels, and where. It's a huge improvement that helps with forward planning too.”

JO BROWN
ACCOUNT MANAGER