

Business Traveler Services: Finding the Right Fit

A CWT White Paper

As business travel spend grows along with the global economy, travel managers need to keep focusing on their two most important objectives: driving savings while keeping travelers safe, productive and happy. The services a company provides to its travelers play a key role.

This CWT research answers four main questions: How can travel managers find the right balance between on- and offline services? How to find the most relevant service configuration? Which services and features do travelers and travel arrangers expect, and which add real value? And finally: How do companies best manage expenses?

In-depth research by the CWT Travel Management Institute

CWT combined several research techniques:

- **Surveys** answered by 204 travel managers and 2,439 travelers/travel arrangers worldwide from 15 companies
- **Interviews** with more than 40 industry experts
- **Analyses** of transactions made by 152 CWT global/regional clients and 322 local clients
- **Case studies** of six global companies employing best practices

This study was carried out from September 2010 to April 2011 and involved a diverse sample in terms of company size, sector, travel managers' scope of responsibility and home region. It is the latest report in a series on the eight key levers to effective travel management identified by CWT.¹

Key finding #1: Online booking tools bring proven benefits when implementation is tailored to each company's specific context.

According to travel managers' estimates, just over half of all bookings (52 percent) are made online in companies that have implemented OBTs, and some companies achieve much higher adoption rates. Clearly, the type of travel being booked plays a key role, as **"simple" point-to-point trips and domestic trips** tend to be more suited to efficient online booking than more complex itineraries, and the proportions vary between companies (46-64 percent in a sample of CWT clients).

Online adoption is also driven by **factors ranging from the macro-economic context to travelers' willingness to use an OBT and the company's ability to successfully institute internal change**. In particular, travel managers introducing OBTs need to explain how online booking fits with their travel program and underline the benefits compared to using consumer travel sites that inevitably offer more choice but undermine the program. (There is room for improvement here, as many travelers are dissatisfied with the range of travel options and fares on their OBT, and 41 percent say OBTs decrease the level of service they receive.)

High adoption is not a goal in itself, however, and performance varies in terms of each company's ability to maximize the benefits of online booking. On average, **OBTs increase program compliance, boost productivity and minimize costs, not only through more efficient, convenient processes but also lower ticket prices.** Surveyed travel managers estimate that the average ticket price is 7 percent lower when booked online than offline, and a sample analysis reveals savings of 6 percent in one organization, reaching 24 percent on one city pair. ("Visual guilt" plays a role here, as travelers are more likely to choose among the cheaper fares when they see the range of options displayed on their screens.) This said, online booking becomes less efficient if a high proportion of transactions involve errors or queries that cannot be handled through automation. Companies can also dilute the benefits of OBTs if, for example, the "repeat trip" feature prevents travelers from obtaining the lowest available fare with an alternative supplier at the time of booking.

Last but not least, companies need to carefully consider the trade-offs involved in sourcing **a single OBT globally/regionally or best-in-market OBTs locally**, as well as whether to source suppliers directly or use reseller agreements. A multiple OBT approach is chosen by more than 90 percent of CWT global clients, despite the higher costs, to ensure the best possible fit with travelers' needs in specific markets.

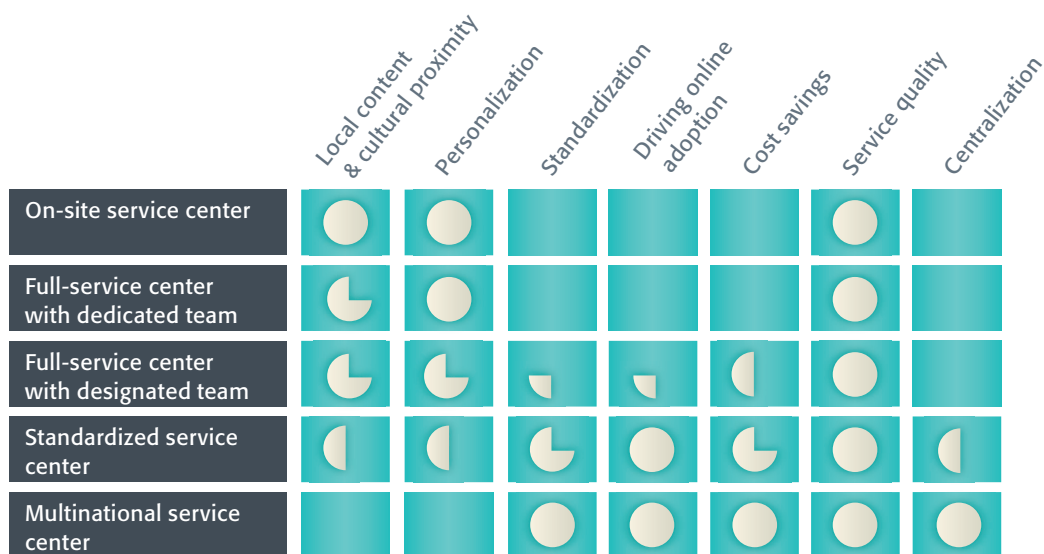
Key finding #2: To find the right service configuration, savings and program objectives must be carefully balanced with the needs of travelers and travel arrangers.

In general, **travelers value simple, fast booking and 24/7 access to service far more than other features** such as service in their native language or the quality of technical support, although needs vary between organizations (e.g., some populations of travelers may require special VIP service or end-to-end trip management).

Focusing specifically on booking services, what counts most to travelers is the ability **to book when convenient, book the lowest rates and make all bookings through the same channels.** At the bottom of travelers' priorities are items such as access to other travelers' advice, pre-trip information, and the quality of advice obtained, which suggests that travelers already know what they want when booking.

When switching service configurations, travel managers should consider a whole range of criteria, ranging from the need for local content and service support to their company's ability to manage change. The main available configurations (**on-site, full-service, standardized and multinational service centers**) each serve different priorities that should be discussed with the travel management company along with service level agreements.

Figure 1: Overview of available service configurations and key features



Source: CWT Travel Management Institute

For best results, travel managers should ensure they have an effective travel policy in place with measures to reinforce compliance. The savings available to companies vary with the starting point but can reach **20 percent of operational costs** (i.e., 0.5-1.0 percent of total travel spend), mainly due to more efficient processes and lower operating costs linked to service center location.

Key finding #3: A wide range of services enhance the traveler experience, helping to boost well-being and productivity.

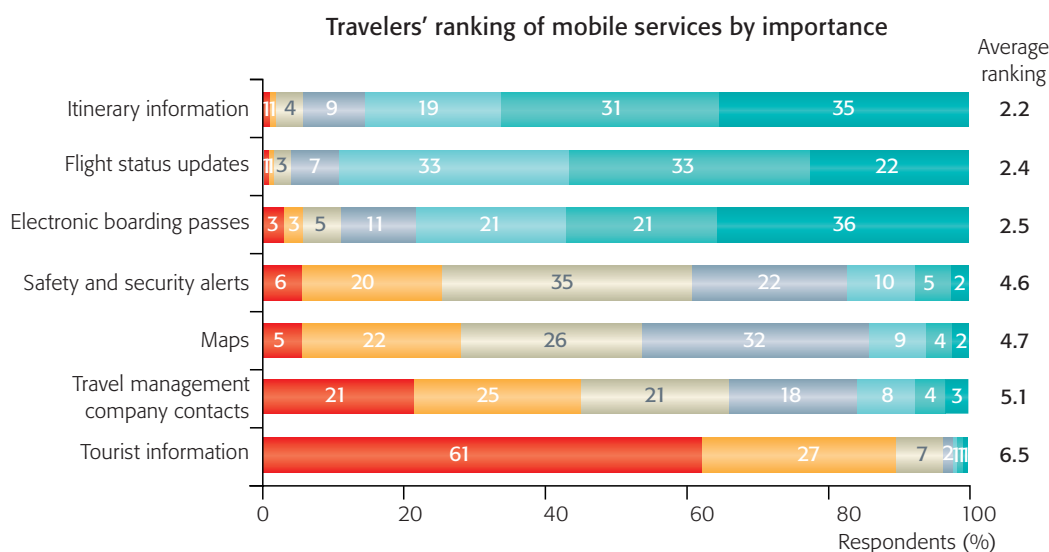
Among those that stand out for travelers are easily accessible information, user-friendly technology that facilitates trip planning, and 24/7 assistance around the world. Seven important services are worth noting:

- **Web-based traveler portals** provide travelers with easy access to a wide range of tools and information that can help them prepare for travel and keep them

informed while on the road. Much of this is standard content provided by the travel management company, but travel managers can also add customized content to communicate with different populations of travelers.

- **Traveler profile tools**, and in particular, automated Web-based systems, make booking more efficient and help boost compliance. New requirements such as the Advanced Passenger Information System make accurate profile information more important than ever. However, only 36 percent of surveyed travel managers say they have an optimal system for profile management (a Web-based tool with ongoing HR data feed).
- **Mobile services** are highly valued by travelers wanting to save time and stay informed while on the go. (See Figure 2.) Best practices include creating a specific policy on mobile use, identifying best-in-class applications for travelers, including mobile applications in the selection criteria for OBT and expense management providers, and paying attention to data privacy and cost issues.

Figure 2: Travelers' ranking of mobile services by importance



Source: CWT Travel Management Institute
Based on a survey of travelers (2,043 responses) and travel managers (149 responses)

- **Emergency assistance and risk management services** offered by TMCs include destination intelligence, emergency alerts, traveler tracking and crisis management. Companies can also work with security specialists for enhanced services such as proactive employee communications, trip-specific intelligence, medical/health information and expert advice.
- **Social media** are likely to be used more commonly for business travel in the future, compared with the small minority of travelers who use them for this purpose at the moment (17-53 percent of travelers in a sample of 14 companies).
- **VIP and end-to-end services** may be required for specific segments of travelers in some organizations.
- **Unused-ticket management solutions** enable companies to increase the proportion of tickets that are redeemed through refunds or exchanges when travelers' plans change. They also streamline processes and enhance reporting capabilities that can be used to drive a variety of program improvements, from increased compliance to more powerful negotiations with preferred suppliers.

Key finding #4: Improvements in expense management can bring considerable cost savings, while increasing policy compliance and reducing fraud.

Expense management is a major focus area for companies, especially in view of the last economic downturn and increasingly strict regulation on corporate governance. Three main areas need to be tackled: **policy** (including which expenses are acceptable, how to pay and how to file claims), **processes** (many of which can be outsourced) and **systems** (either Web-based or hosted, and ideally automated and integrated into other IT systems).

Companies can often gain in efficiency and flexibility by reorganizing the way these tasks are handled. For example, an **automated expense management** system can reduce the cost of processing expense claims by more than 30-40 percent according to industry experts.

In line with increased demand for bundled solutions (e.g. integrating online booking tools and/or payment card systems), 47 percent of surveyed travel managers say travel management companies should include expense management in their offerings.

Efficiency gains and cost savings can also be made through **in-house shared services or outsourcing**, and/or the use of **"best-shore" locations**.

Conclusion

A growing choice of tools and features enable travel managers to service travelers effectively when they carefully arbitrate between different priorities and take a tailored approach. The opportunities have never been greater for companies to find the right fit with their goals.



For more information about how CWT can help your company with traveler services, please contact your CWT sales or program manager or email us at tmi@carlsonwagonlit.fr

The full report, *Business Traveler Services: Finding the Right Fit*, is available at

www.carlsonwagonlit.com



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