Where now for managed travel?

"Rogue" spend, new booking technologies and the future of travel programs

Carlson Wagonlit Travel
Welcome to the CWT Travel Management Institute research series

The CWT Travel Management Institute conducts in-depth research to help clients worldwide derive the greatest value from their travel and M&E programs.

Drawing on the global resources of Carlson Wagonlit Travel (CWT), the institute provides a regular flow of business intelligence and best practices to offer actionable insights into effective travel management.

The research presented in this report focuses on attitudes toward managed travel 2.0, new ways to manage “rogue” spend and the implications of allowing travelers to book outside the preferred corporate channels.

Other original research publications include:
- *Global Horizons: Consolidating a Travel Program* (2007)

In addition, the CWT Travel Management Institute publishes white papers, case studies and articles on industry issues.
Acknowledgements

The CWT Travel Management Institute gratefully acknowledges the input of all survey participants, as well as the opinions and expertise kindly shared by many travel management professionals. In particular, colleagues at CWT’s Product Innovation team provided valuable data analyses on trip and program leakage patterns.

About CWT Product Innovation

The CWT Product Innovation team explores new corporate travel concepts to develop industry-leading products and services. In particular, the team aims to help clients generate savings by better understanding patterns in air and hotel booking behavior and identifying best practices.

CWT Product Innovation is currently investigating how the traveler’s booking experience influences the average trip cost, and how the traveler’s profile (e.g., frequent traveler) is linked to behavior such as advanced booking or the use of online booking tools. For this purpose, the team has developed an advanced data mining platform to analyze CWT yearly transactions in conjunction with traveler demographics and external data (flight delays, destination information, etc.).

CWT Product Innovation works in close collaboration with other in-house experts such as the CWT Travel Management Institute, CWT Solutions Group, and CWT’s Product Delivery and Global Product Marketing teams.
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Is managed travel at a crossroads?

New technologies that enable travelers to book anywhere while their companies capture the booking data have become one of the hottest topics of business travel. If some claims are correct, managed travel as we know it is coming to the end of the road: given the vast choice of options available on the web, travelers’ frustrations with restrictive corporate programs and persistent hotel leakage, companies would do well to radically rethink their rules on booking… Or would they?

A closer look at the facts makes this approach appear far less lustrous. Many of the promises—cheaper, more user-friendly and an effective way to tackle program leakage—have yet to be proven. In fact, much of the data indicates the opposite! Meanwhile, suppliers are taking a cautious approach, underlining how their new solutions complement, rather than replace, managed travel programs. The real debate lies in how the current model can best evolve to continue bringing the best value to all stakeholders: one thing everyone agrees on is that the industry must keep innovating. So the arguments for and against a more permissive booking policy are worth exploring, as are new technologies offering opportunities to enhance the managed travel environment.

This paper provides an overview of the debate, highlighting the main issues, the different avenues open to companies today and practical advice on how best to keep moving forward. To provide a clear perspective, CWT has conducted an in-depth study combining surveys of travelers and travel managers with opinions from suppliers and industry experts, supported by transaction data. The report also draws on case studies and opinions recently debated in the business travel press and at industry events.

Travel managers may not have to take a different path after all…
Aim: to better understand attitudes toward managed travel 2.0, new ways to manage “rogue” spend and the real implications of allowing travelers to book outside the preferred corporate channels

Date: November 2012 to May 2013

Scope: a wide sample in terms of company size, industry and geographical coverage of travel programs (Figure 1)

Methodology

CWT used several research techniques to combine opinions with data:

- **Surveys**
  - A detailed questionnaire on booking policy and booking patterns involving 149 travel managers worldwide
  - An online survey of 469 travelers and travel arrangers from 5 companies worldwide on their booking policy, preferences and behavior

- **In-depth interviews**
  - Input from more than 40 experts from across the business travel industry, including travel managers, technology solutions providers, travel management companies, suppliers and GDS companies

- **Quantitative analysis based on CWT client transactions**
  - Managed travel performance vs. booking on the open market: a statistical analysis of $13.1 million of transactions, representing the top 25 routes booked through CWT by a U.S.-based company that allows travelers to book through any channel (corporate online booking tool, TMC travel counselor, supplier website/app or travel aggregator website/app)

- **Program leakage**:
  - An analysis of CWT global air transactions in 2012 excluding exchanges and refunds (close to 8 million air bookings by around 2 million travelers) to understand hotel program leakage (travelers booking flights without the corresponding hotel room nights)

- **Trip patterns**:
  - An analysis of four companies’ air transactions from third quarter 2011 to second quarter 2012 inclusive, involving more than $3 billion spend and 188,000 travelers to determine different segments of travelers and their trip patterns

Other resources

- **Two case studies reported in the media**
  - A month-long pilot study comparing airfares booked through a corporate travel program program with comparable flights available on the web, conducted by Autodesk, a U.S.-based software company, and Topaz International, a travel auditing company, in October 2012
  - A six-month pilot study allowing travelers to book outside the preferred TMC channels, carried out by Sapient, a U.S.-based global services company, in 2009

- **Industry white papers, articles in business travel media, blogs and social media and supplier web content**
Figure 1: A wide sample (travel manager survey)

A large cross-section of industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking and financial services</td>
<td>9%</td>
</tr>
<tr>
<td>Chemicals</td>
<td>9%</td>
</tr>
<tr>
<td>Energy and utilities</td>
<td>9%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>8%</td>
</tr>
<tr>
<td>Industrial manufacturing</td>
<td>7%</td>
</tr>
<tr>
<td>Computer hardware, software and services</td>
<td>6%</td>
</tr>
<tr>
<td>Engineering and technology</td>
<td>6%</td>
</tr>
<tr>
<td>Food and beverages</td>
<td>4%</td>
</tr>
<tr>
<td>Healthcare, life sciences and pharmaceuticals</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (140 responses)

Companies from across the globe, and especially Europe and North America

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>48%</td>
</tr>
<tr>
<td>Europe, Middle East and Africa</td>
<td>26%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>2%</td>
</tr>
<tr>
<td>Unspecified</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (136 responses)
Travel managers responsible for global, regional or national programs

50% Global
29% Regional
21% Local

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (149 responses)

A wide range of travel budgets

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (149 responses)
Figure 2: Surveyed travelers are of all ages, including 15 percent from “Generation-Y”

Source: CWT Travel Management Institute
Based on a survey of business travelers (469 responses)
Reading the signposts

Definitions of unmanaged travel, managed travel 2.0, open booking and more...

- **Unmanaged travel** has until recently been used to refer to business travel that is booked outside a travel management program—i.e., travel that is not booked through offline travel counselors and/or corporate online booking tools. Such travel has been considered unmanaged since companies have had little visibility over the spend and travelers have not had access to the services provided by travel management companies (e.g., to change or reimburse tickets or reschedule travel when unexpected events arise). A certain amount of out-of-policy bookings are a fact of corporate life, but nowadays solutions are available to help companies track “rogue” travel and potentially pass on the data to TMCs so that at least some support can be provided to travelers. New vocabulary has appeared, recognizing that companies must manage travel however it is booked.

- **Managed travel 2.0**, strictly speaking, means the next generation of travel management solutions. Although it is often used to refer to “open booking” technology that could shake up travel management as we know it, most stakeholders agree that the future of business travel probably lies more in an evolution than a revolution and other, less disruptive technologies are available. No one wants to opt out of managed travel and start again, but everyone is looking for ways to innovate. At the end of the day, the same fundamental question applies: How to enable employees to book efficiently and travel safely while keeping costs down? What is new is the stronger focus on how much flexibility to build into the travel policy or how to best capture data on rogue spend.

- **Online booking 2.0** is one answer to this question. A common complaint is that corporate online booking tools (OBTs) have not kept up with technological innovations in the leisure sector. However, improved user interfaces and door-to-door booking in just a few clicks are among the new features that will help companies improve the traveler experience and keep them booking through the preferred channels. It is worth noting too that for all the talk about traveler dissatisfaction, the large majority of travelers are satisfied with their on- and offline booking experiences, and satisfaction levels continue to rise year on year. (See Pages 62-67.)

- **Open booking** is an approach to corporate travel designed to give travelers, especially digital natives or “Gen Y” employees, the freedom to book without many of the constraints of a typical travel program. A minimum of rules may apply, such as requiring travelers who book out of policy (e.g., using non-preferred suppliers and/or non-TMC channels) to respect a specific budget ceiling, consider safety and security standards, and transfer booking data to the company. In other words, as long as travelers spend reasonably, travel safely and keep their companies informed of their plans, they can do whatever they like. In practice, the few companies that have experimented with allowing travelers such freedom have tracked and analyzed the data carefully within a managed travel environment. (See the case studies on Pages 15-17 and 36.)
Concur Open Booking on the other hand, is a suite of services aimed at combining end-user choice (i.e., the freedom to book through alternative channels) with corporate control (data that can be used for tracking, spend analysis and supplier negotiation purposes) without going through the traditional TMC/GDS channels. Promoted by Concur as “the best of both worlds;” this solution promises a booking platform that links traveler profiles with supplier loyalty programs so that travelers can benefit from corporate negotiated rates while booking directly on suppliers’ websites. The success of this last feature in particular will depend on how many suppliers participate. (See Pages 77-79 for more details.)

In addition, a number of other open booking solutions have appeared. These are aimed at enhancing the traveler experience while enabling companies to capture data on out-of-policy bookings, mostly as a complement to TMC-led programs. For example:

- **Itinerary management apps** such as CWT To Go or Concur’s TripIt provide travelers with a convenient way to keep all their travel information in one place, while providing companies with valuable booking data. These services use email parsing technology to gather details about flights, hotel bookings and car rental into folders, along with related information and utilities such as currency converters and weather forecasts. This means that either travelers must forward travel confirmation emails to the system manually (e.g., plans@cwttogo.com) or if TMC integration is enabled (a feature that is currently under development), bookings made through an OBT or TMC travel counselor appear in the app automatically. (See Pages 68-71.)

- **Booking tracking technology** can be seen as a complement to policy reminder services available for TMC booking channels when travelers attempt to make out-of-policy bookings (e.g., the CWT Program Messenger solution that automatically sends tailored policy reminders or travel information to specific groups of travelers or other stakeholders in pre-defined circumstances). The difference with booking tracking technology is that travelers receive a pop-up message when they venture outside the managed travel space and visit unauthorized travel websites from their work computers. At this point, the technology redirects willing travelers back to the authorized booking channels or, if the right option is enabled, tracks bookings made elsewhere. (See Pages 72-74.)

- **BookIt**, an app by Short’s Travel Management, allows travelers to shop around on leisure travel sites and then share what they find with their online booking tool or TMC counselor before booking. This system is intended to give employees more freedom to use alternative suppliers while easily comparing with the best available negotiated prices and remaining in the TMC system whatever they book. (See Pages 75-76.)

I would rather talk about travel management 2.0 because there is a certain kind of management in ‘unmanaged’ travel.

*Journalist*
The debate on managed travel 2.0 has quickly shifted from the extreme position of asking whether the incumbent travel management model will soon be obsolete to whether new technology solutions can help or hinder companies in achieving their objectives.

First of all, the old question of whether travelers can find cheaper fares on the web has re-emerged, but most of the evidence still points to the same conclusion as in the past: that prices are lower through preferred supplier programs. What is new this time is the discussion on “rogue” travel, or business travel bookings that are made outside of companies’ preferred channels (usually corporate online booking tools and dedicated travel counselors). In addition to the price argument, the assumptions here are that travelers “go rogue” because they can get a better booking experience using leisure websites and apps, and that as the number of tech-savvy, rule-averse “Gen Y” travelers increases, leakage will rise to new levels that travel managers will need to address. So why not allow travelers to book through whatever channel they like but simply ensure that the data is captured for expense reporting purposes?

There are several flaws in this argument, as explained in this report, not least the reality about leakage, traveler satisfaction and motivations, but also the risks involved in potentially inviting non-compliance. This is not to say that new solutions cannot add value, but they should be approached on the right basis, with travel managers fully understanding the implications before making a decision.

Critically, while the available technology is changing, the basic goals of managed travel remain the same: ensuring that employees travel safely and securely while paying competitive prices, and making the whole process, from booking to expense management, as efficient and pain-free as possible.

With this in mind, the benefits of managed travel are worth recalling:

- Enabling cost control through data reporting. By looking at the big picture and controlling travel expenditure, companies can lower costs while maintaining the quality of the travel experience.

- Generating savings through volume-based discounts and preferential conditions. Travel vendors offer incentives ranging from guaranteed upgrades to significant discounts to companies that can guarantee high volumes of bookings.

- Helping companies to provide safety and security services to traveling employees. If travel arrangements are made through multiple sources, there is no single source to capture comprehensive location information and track employees. In the event of a strike, weather disaster or political disturbance a TMC can identify any reservations that might be affected and provide the necessary assistance.
Saving travelers time, helping them to focus on core business activities. Online booking tools and travel counselor assistance are designed to provide travelers with the most convenient and cost-effective travel options in line with corporate policy. For more complex itineraries, travel counselors can provide the necessary expertise to organize travel that would be more difficult to book without human assistance. Travelers should not have to shop around or risk their safety with unauthorized choices.

On the other hand, some of the claims in favor of open booking appear misleading, as described in more detail over the following pages.

Even if unmanaged travel was cheaper than managed travel, this would not be crucial for us because the safety of our employees matters much more.

Travel manager

Are web fares cheaper?

No. Program fares continue to outperform web fares by a significant margin.

-24%
Program fares were 24 percent cheaper when booked through the TMC in a pilot study by Autodesk/Topaz International in October 2012.

-9%
Fares booked through the TMC were on average 9 percent lower than fares booked elsewhere in a CWT analysis of transaction data on the top 25 routes booked through CWT taken by employees of a global company from February to October 2012.

Travelers say they are twice as likely to book out of policy to secure more convenient travel options than to get lower fares, according to CWT survey data.

The critical issue of price is constantly on travel managers’ minds: What if, after all my efforts to negotiate deals with preferred suppliers, my travelers end up paying more than the best fares available to the public? And how can I persuade employees to book through the program if they think they can find cheaper fares on the web? The evidence should reassure travel managers that a) web fares are more expensive on the whole, and b) price is not the main reason why some travelers book out of policy.

Program fares are cheaper on the whole.

In December 2012, the industry sat up when a GBTA/Concur study found that “unmanaged travel” cost 3 percent less than travel “under guidelines.” Skepticism soon set in, however, since the study’s conclusion was based on travelers’ “guesstimates” (“Approximately, how much did your last trip cost for all travel-related expenses? Your best estimate is fine.”). GBTA therefore announced it would publish a new study with Concur in 2013 “to delve deeper into the subject matter” for “more clarification.”

(This research was still pending at the time of writing.)

In the meantime, Business Travel News reported a pilot in October 2012 run by Autodesk, a U.S.-based company that was not afraid to put its program to the test. The results, based on hard data, showed that the grand majority of airfares booked through the corporate travel program were less expensive than comparable flights available on the web—and by an average of 24 percent!

Cheaper fares on the web? How about 24 percent more expensive?

Sometimes actions speak louder than words. As reported by Business Travel News,³ Autodesk, a world-leading 3D design software company, wanted to test out its travelers’ main complaint that they could find cheaper fares on the web than through their managed travel program. After a month-long experiment in October 2012, the results were loud and clear: not only were 83 percent of fares more expensive on the web (93 percent in the case of domestic airfares), but the average price gap spanned a wide 24 percent. Program performance was lower on international fares, but still 70 percent of them were cheaper than competing web fares.

These figures were based on hard data. To compare the performance of Autodesk’s program with fares from the web, Autodesk commissioned an audit by Topaz International, which replicated actual program bookings on the same day on predetermined public websites—Expedia, Orbitz and airline websites. The comparison took place over the full month of October, a peak period for Autodesk bookings, and covered bookings from North America.

The results did not factor in policy compliance and therefore actual savings achieved by the program, unlike the Sapient pilot (Page 36). The study did note, however, that the main reason given by travelers when they rejected the lowest available fare was to pick a more convenient flight schedule, rather than book content outside the program.

Bruce Finch, the company’s director of global travel and workplace sustainability programs neatly summed it up:

Our managed travel program way surpassed anything we’d get if we took the lid off and let travelers book anywhere they want to.

In brief

Company: Autodesk, a 3D design software company based in California
Employees: 7,500 worldwide
Annual revenues: $2.2 billion
Online booking adoption: >80 percent

About the audit:
- Comparison of web vs. program fares booked from North America in October 2012
- Carried out by Topaz International

Results:
- 83 percent of all program-booked airfares were cheaper than fares booked online
- 93 percent of domestic corporate fares were lower
- 70 percent of international corporate fares were lower
- Fares were 24 percent cheaper on average
- Most common reason for not taking lower fare: inconvenient scheduling

More recently, CWT compared the performance of open market fares with TMC-booked fares for a global company that allows travelers to book travel through their travel management company (CWT) or the open market as long as they respect specific price caps. CWT analyzed economy round-trip fares on the company’s top 25 routes booked through CWT over a nine-month period from February to October 2012. These fares represented more than 20,000 bookings or approximately $13.1 million, for a mix of domestic and international trips (84 percent and 16 percent respectively). The results showed that fares booked through CWT were on average 9 percent cheaper (Figure 3).
Figure 3: In an analysis of one company’s top 25 routes, economy fares booked through CWT were on average 9 percent cheaper than those booked through the open market under similar conditions.

<table>
<thead>
<tr>
<th></th>
<th>Number of bookings</th>
<th>Average ticket price</th>
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<tbody>
<tr>
<td></td>
<td>Domestic</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,285</td>
<td>$546 (-4%)</td>
</tr>
<tr>
<td></td>
<td>12,571</td>
<td>$569</td>
</tr>
<tr>
<td></td>
<td>Open market</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>International</td>
<td></td>
</tr>
<tr>
<td></td>
<td>762</td>
<td>$982 (-17%)</td>
</tr>
<tr>
<td></td>
<td>2,447</td>
<td>$1,153 (-9%)</td>
</tr>
<tr>
<td></td>
<td>Open market</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,047</td>
<td>$612 (-9%)</td>
</tr>
<tr>
<td></td>
<td>15,018</td>
<td>$665</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Based on more than 20,000 bookings ($13.1M spend), February to October 2012
Price is not the main reason for travelers booking out of policy.

What about the idea that travelers are driven to book out of policy because they think they can find better fares on the web? Many are, but interestingly it is not the main driver of non-compliance with policy items such as the use of preferred booking channels and suppliers, advance booking, comfort categories, etc.

According to the CWT survey, travelers are divided on the price issue: while 39 percent say their programs offer better prices than they could find on their own, almost as many (31 percent) say they do not. Yet the price argument is not always top of mind: only one-third say they choose alternative suppliers to get the best prices, compared to nearly two-thirds who say they are seeking more convenience in terms of better flight times or hotel locations.

Figure 4: More convenient travel options, not lower prices, is by far the main reason travelers book out of policy
It would appear not. Traveler satisfaction with on- and offline corporate bookings is already high—and rising—and appears unrelated to their company’s culture of control.

88 percent of CWT travelers surveyed between April 2012 and March 2013 said they were satisfied or very satisfied with their most recent booking experience.

Scores have consistently improved, with the latest satisfaction scores showing a 5 percent increase on the previous period (January 2010 to May 2011).

Contrary to popular belief, the strength of companies’ culture of control does not impact traveler satisfaction, according to CWT survey data.

Overall, the vast majority of travelers always or usually use preferred booking channels, according to 91 percent of surveyed travelers and 95 percent of travel managers. Compliance is much lower, however, for hotel bookings, at around 50 percent, based on CWT booking data.

More than 60 percent of travelers say they would continue to use TMC channels often or very often even if they had the freedom to book elsewhere.

Most travelers say they are not seeking a better booking experience when they book through alternative channels, but first and foremost cheaper prices or a wider choice of routes.

Travelers’ expectations are said to be changing, as they grow accustomed to the latest technology available on the leisure travel market and as a new breed of tech-happy, freedom-loving employees grow in the workforce. But are they really looking for a less controlled booking environment? The facts suggest otherwise.
Travelers are satisfied with the current booking experience, regardless of the level of control exerted by the company.

It should not be assumed that business travelers are seeking a more “consumerized” booking experience. According to CWT Listens, an ongoing global satisfaction survey, 88 percent of travelers surveyed just after booking between April 2012 and March 2013 said they were satisfied or very satisfied with their experience. This figure has been steadily rising, standing at 83 percent two years ago (January 2010 to May 2011).

More importantly, the level of control a company has over travelers bears little relation to travelers’ satisfaction with their overall travel experience. CWT analyzed traveler satisfaction scores in a sample of five global companies, including two with particularly relaxed travel policies, and found that the highest score was for a company considered to have a relatively strict culture of control, and the lowest for a company with a less strict culture. In fact, the maximum difference in scores was only 1 point. Using the same data, CWT found no correlation between the satisfaction scores of nearly 500 travelers and their companies’ culture of control. (See Figure 5.)

Figure 5: Traveler satisfaction is unrelated to the corporate culture of control

![Figure 5: Traveler satisfaction is unrelated to the corporate culture of control](image)

Source: CWT Travel Management Institute
Based on a survey of business travelers (445 responses)
What about travelers who do not use the preferred channels? In fact, they are a small minority as a general rule (i.e., taking into account all categories of travel): only 9 percent of travelers surveyed for this report admitted they rarely or never use their companies’ preferred booking channels (corporate online booking tools or TMC counselors), while 91 percent said they always or usually use them. Travel managers corroborate these findings, 97 percent of them saying that travelers always or usually use preferred channels (Figure 7).

Figure 6: CWT data shows no correlation between traveler satisfaction and the corporate culture of control

Only a small minority of travelers say they book outside the preferred channels.
Figure 7: Travelers and travel managers alike report high levels of compliance with TMC booking channels

Travelers

How consistently do you adhere to the following elements in your travel policy?

<table>
<thead>
<tr>
<th>Element</th>
<th>Always</th>
<th>Usually</th>
<th>Sometimes</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of preferred booking channels</td>
<td>61</td>
<td>30</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Use of preferred airlines</td>
<td>34</td>
<td>51</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Use of preferred hotels</td>
<td>30</td>
<td>55</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>Use of preferred car rental companies</td>
<td>53</td>
<td>38</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Based on a survey of business travelers (469 responses)

Traveler managers

How consistently do your travelers adhere to the following elements of your travel policy?

<table>
<thead>
<tr>
<th>Element</th>
<th>Always</th>
<th>Usually</th>
<th>Sometimes</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of preferred booking channels</td>
<td>33</td>
<td>64</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Use of preferred airlines</td>
<td>12</td>
<td>76</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Use of preferred hotels</td>
<td>7</td>
<td>64</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Use of preferred car rental companies</td>
<td>26</td>
<td>64</td>
<td>8</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (149 respondents)
Booking channel compliance is significantly lower for hotels, however, standing at around 50 percent according to CWT transaction data. (See Figure 22 on Page 50.)

A certain amount of non-compliance can be expected in the hotel market, given features that make it difficult for companies to provide sufficient coverage through their programs. These features include the fragmented nature of the offering (with a large proportion of independent properties compared to chains, especially in Europe and Asia), particularly low GDS coverage of hotels in markets such as India, the sheer number of destinations visited by travelers and availability issues in some cities, especially in developing markets.

Hotel leakage: not always what it may seem

CWT took a closer look at global air and hotel transaction data for 2012 to look for patterns in hotel leakage—i.e., air trips booked without hotel room nights, excluding day trips. The results are often surprising.

Travelers who book their hotel stays outside preferred channels:

- **Are not significantly younger** (42.8 vs. 44.2 years)—despite the common industry misconception that Gen-Y travelers are much more likely to book outside the corporate preferred channels. The percentage of Gen-Y travelers booking hotels outside the preferred channels is indeed higher but by a smaller margin than expected (22.9 percent vs. 17.4 percent).

- **Use online booking tools less often** (39 percent vs. 51 percent)—implying that the use of online booking tools reduces hotel leakage.

- **Book longer stays on average** (4.3 vs. 3.1 days).

- **Tend to travel more internationally** (46.5 percent vs. 32.4 percent)

- **Book longer in advance** (17 vs. 14 days in advance). This trend is generally linked to booking longer stays and international trips.
Figure 8: Surprising facts about hotel leakage

Non-compliant travelers are only slightly younger…

They use OBTs less often…

Source: CWT Travel Management Institute
Based on >42 million hotel room nights (2012)
Their average hotel stay is longer when booked outside the preferred channels…

More international trips are involved…

And room nights are booked further in advance

Source: CWT Travel Management Institute
Based on >42 million hotel room nights (2012)
Most travelers would continue to book through their TMC if given the choice—and regardless of their age.

Across the generations, more than 60 percent of travelers say they would continue to use TMC channels often or very often even if they had the freedom to book elsewhere. This result is consistent across the different age groups, varying by only 2 points between Gen-Y travelers (62 percent) and the over-55s (64 percent, as shown in Figure 9.) This nevertheless leaves a third of travelers who would welcome the opportunity to use alternative channels, although not necessarily to improve the booking experience, as explained below.

Figure 9: Most travelers of all ages say they would continue to book through the TMC even if given the freedom book elsewhere

Source: CWT Travel Management Institute.
Based on a survey of business travelers (459 respondents)
Most travelers are *not* seeking a better booking experience when they use alternative channels.

Travelers who book through alternative channels are not necessarily seeking a better booking experience. According to the CWT survey, they are more likely to book outside the TMC channels because they think they can get cheaper prices or a wider choice of routes (Figure 10).

**Figure 10: Travelers use alternative channels for a variety of reasons**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheaper prices on the web</td>
<td>2.2</td>
</tr>
<tr>
<td>Wider choice of routes for my trip</td>
<td>2.6</td>
</tr>
<tr>
<td>A better booking experience (easier, faster, better layout, etc.)</td>
<td>2.7</td>
</tr>
<tr>
<td>Lower booking fees</td>
<td>3.6</td>
</tr>
<tr>
<td>Ability to earn loyalty points and rewards</td>
<td>3.7</td>
</tr>
</tbody>
</table>

Considering the wide range of reasons given by travelers for booking outside the TMC, companies may still have some work to do in communicating the benefits of managed travel to employees (e.g., through performance dashboards that show the savings achieved through program compliance). Another question for travel managers is not so much how to bring the booking experience up to an acceptable level but rather how to keep satisfaction levels high and introduce the right features to capture rogue spend while keeping business travelers happy.
Does open booking offer travelers more flexibility?

Not overall. A wider choice of booking channels and suppliers comes at the cost of less flexibility for changes or cancellations, less efficiency and a lower level of service overall.

- Travelers can waste time shopping around without getting the best deals.
- Alternative booking solutions provide less flexibility for ticket changes and cancellations, and less support for travelers en route.

Advocates of open booking claim that business travelers want more choice, but travel managers are aware that this is not necessarily a good thing. On the plus side, some employees may enjoy having the flexibility to book how and what they want, using their preferred leisure travel websites or apps. As described later on Pages 56-77, a range of new solutions can be used to make their lives easier. Yet the fact remains that travelers are not travel agents, and the downsides of “going rogue” become quickly apparent.

Travelers can waste time shopping around without getting the best deals.

Because open booking allows travelers to use consumer websites, the common assumption is that this approach delivers a better booking experience. In reality, booking can become unnecessarily complex if travelers visit multiple supplier sites to comparison shop and book every element of their trip (air, hotel, ground transportation, etc.) compared to the one-stop-shop of corporate online booking tools or TMC travel counselors. (As seen on Page 26, 63 percent of surveyed travelers would continue to book through the preferred corporate channel often or very often even if they were free to book elsewhere.)

Based on research published by Google, the average traveler visits about 22 travel sites during 9.5 research sessions before booking! Although this study does not differentiate between business and leisure bookings, it is easy to imagine the productivity losses entailed by open booking. It is worth remembering that many trips cannot be booked efficiently online, whether through the web or a corporate online booking tool: above a certain level of complexity (e.g., multi-segment itineraries), booking tends to be more efficient through a travel counselor. According to CWT research, multi-segment trips account for 45 percent of transactions on average (Figure 11).

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4 Google, *The Five Stages of Travel* (interactive infographic)
Figure 11: “Complex” multi-segment trips account for 45 percent of transactions on average

Point-to-point vs multi-segment trips (H2 2010)

Source: CWT Travel Management Institute
Based on 12.5 million transactions
And as discussed on Pages 14-18, travelers mostly do not get the best prices when they shop on the web. Even when they do find cheaper fares, the total cost of travel may be higher when missed back-end rebates, ancillary fees and other expenses are taken into account. There is also the issue of service quality, which impacts both traveler satisfaction and companies’ responsibility to protect traveling employees. Travel programs are designed to guarantee an appropriate level of quality (e.g., safe hotels and airlines), along with suitable categories of comfort and ensure that employees are not taking unnecessary risks away from the office. Travelers should not have to reinvent the wheel every time they book.

Travelers generally have less flexibility for ticket changes and cancellations, and less support en route.

Another point is that alternative booking solutions do not always allow support to be provided for ticket changes or cancellations, which means that travelers may spend more time reorganizing travel and/or cause their companies to miss out on refunds for unused tickets. According to CWT transaction data, 45 percent of all passenger name records are changed in Europe (based on 785,000 PNRs from February 2013 to April 2013). Moreover, the ratio of changes to each PNR is high: 0.7 on average. Some 64 percent of changes happen before ticketing and 36 percent after, with a fairly even split between the type of changes (route additions, date or route changes and route or PNR cancellations), as shown in Figure 12.

In other words, changes happen more often than is generally believed and would be a source of friction in any open booking process. Although the TMC can technically create a “duplicate” of the booking record for reporting purposes, also known as “passive segments,” the travel Booker remains the sole owner of the booking and therefore cannot be assisted by a counselor for any required changes or cancellations. Only a new booking could be offered, which would imply a duplicate cost.

We tell our employees that if they have already spent more than 30 minutes booking their trips, they should contact the TMC directly.

Travel manager
Figure 12: Booking changes and cancellations happen more often than is commonly believed

45 percent of PNRs are changed in Europe, including 64 percent before booking.

The reasons for changes (additions, modifications or cancellations) are fairly evenly spread.

Trip changes may also generate considerable stress for travelers, particularly when the modifications are last-minute and imposed by problems en route, and when “rogue” travelers cannot call on TMC support. This stress can come at a considerable financial cost for companies in terms of wasted time and lost productivity, which could be reduced by up to a third when business travel is managed effectively, according to the Travel Stress Index developed by CWT Solutions Group. In May 2013 alone, more than 30,000 flights were cancelled worldwide, with the total number of flight delays amounting to 507,766. At the moment, TMCs cannot service travelers who book outside TMC channels.

Last but not least, many travelers and travel managers only have to say the word “Eyjafjallajökull” to remember the valuable tracking and support services provided by their TMCs in the event of a wide-scale crisis. For others, the day-to-day assistance offered by travel counselors is a key benefit of using the regular corporate channels and a major argument against open booking, particularly in a context where companies are increasingly aware of their responsibility to protect employees when they travel.

Source: CWT transaction data
Based on 785,000 PNRs, February 2013 to April 2013 in Europe

5 CWT Solutions Group, Travel Stress Index: The Hidden Costs of Business Travel, 2013
6 Source: flightstats.com
No. Booking outside TMC channels comes with a variety of hidden costs.

- Booking outside the preferred channels can compromise travelers’ safety and security.
- Booking outside the TMC may impact companies’ ability to meet volume targets, resulting in weaker negotiations.
- Companies may pay higher costs linked to ancillary fees and unused tickets.

No company wants to pay above market value for any service, and the old debate about cutting the cost of middlemen—whether TMCs or GDSs—keeps reappearing. Open booking may at first seem a way to reduce booking fees, but on closer inspection a whole host of hidden costs may appear, depending on the technology used (Figure 13). And the most important cost for companies—compromising employees’ safety and security—is one that most travel managers are unwilling to pay. It is much harder for companies to track travelers accurately and in real time when they book outside the TMC booking channels.
Booking outside the preferred channels can compromise travelers’ safety and security.

According to a previous CWT survey, travelers’ safety comes top of travel managers’ list of concerns related to travelers booking outside the preferred channels. This risk was identified by 91 percent of travel managers in 2012, compared to weakened negotiation power (84 percent), more expensive fares (83 percent) and travelers wasting time in the booking process (76 percent).
In this latest CWT research, 77 percent of surveyed travelers say that their companies have a safety and security service in place to help protect traveling employees. Indeed, more than 80 percent of travel managers rate their companies highly on “keenness to address traveler safety and security,” with an average score of 8.2 out of 10 (Figure 14).
Figure 15: Travel managers are keen to address safety and security for traveling employees

How would you rate your company’s keenness to address traveler safety and security?

<table>
<thead>
<tr>
<th>Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very low</td>
</tr>
<tr>
<td>Very high</td>
</tr>
<tr>
<td>Average: 8.2</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (130 responses)
Sapient finds cutting travelers loose to be costly—in more ways than one.

In 2009, Sapient, a U.S.-based consulting company, piloted an open booking approach giving a completely free reign to travelers to book as they pleased: no restrictions on where, how or what they booked. The only rule was that bookings made outside the managed program environment could not be serviced by the TMC. In a BTN/TRX sponsored webinar, Michelle De Costa, global travel manager, said that the results were so striking, a lot of people thought she must be “fudging the numbers”: business travelers who booked outside Sapient's approved channels (TMC or online booking tool) spent 15-20 percent more per trip than their colleagues.

But that was not all. Looking back on the six-month experience, Ms. De Costa said she was acutely aware of the safety and security risks taken by the company in allowing travelers to roam free. Two incidents that year—US Airways flight 1549 landing on the Hudson river in New York in January, and Hurricane Bill in August—brought to mind the kind of disruption travelers can face and the invaluable support of travel counselors when travel plans go awry. At the time, 60 percent of Sapient's bookings were happening off the TMC radar.

To conduct the study, Sapient did not have access to the open booking solutions available today. (See Pages 56-79.) Instead, Ms. De Costa enlisted the support of two colleagues from IT and finance to consolidate and analyze the data from expense reports. This task was facilitated by Sapient’s mandated corporate credit card program, making a number of assumptions to complete the data.

In brief

Company: Sapient, a consulting company based in Boston
Employees: 10,000 employees and 6,000 travelers worldwide
Annual travel spend: $40 million across 14 countries, 40 percent international travel
Program supported by a single global TMC

About the audit:
- Carried out over six months in 2009
- Travelers freed from the previously mandatory policy
- No rules except that external bookings could not be serviced by the TMC

Results
- Travelers spent 15-20 percent more per trip when booking outside the TMC.
- Travelers often used preferred suppliers but did not access negotiated discounts.
- Program leakage undermined airline discounts, especially for international fares.
- The company noted clear safety and security concerns.

Booking outside the TMC may impact companies’ ability to meet volume targets, resulting in weaker negotiations.

A major sticking point regarding open booking is that compared with TMC booking channels that guide travelers toward preferred suppliers, they weaken companies’ ability to meet volume targets by potentially encouraging rogue spend. This will result in weaker leverage for negotiating volume-based discounts and preferential conditions, including, for example, waived or reduced fees for certain ancillary services, and free access to airport lounges.

Companies may pay higher costs linked to ancillary fees and unused tickets.

While many companies use an automated solution to manage unused tickets (which can represent thousands, if not millions, of dollars), tickets booked outside the TMC channels would slip through this net. As an indication, CWT data shows that around 8 percent of all air bookings in North America are cancelled or refunded (7.7 percent in 2012, 8.2 percent in 2011 and 8.6 percent in 2010).

One drawback of open booking is lack of control. Our annual travel budget is $250 million. If you want to manage such a large budget, you need travel management!

Travel manager
Traveler segments and trip patterns

When considering the impact of traveler behavior on the travel program, it is useful to identify different traveler populations (e.g., in terms of frequency of travel and average spend).

To provide a global picture, CWT analyzed data on air bookings made by four global companies over one year (third quarter 2011 to second quarter 2012), and found that seasoned travelers tend to spend less per trip than less experienced travelers:

- Some 48 percent of employees travel less than twice a year, compared with 6 percent who travel more than 30 times a year.

- Road warriors who take more than 20 trips a year account for more than half of all travel spend.

- The more often employees travel, the lower their average ticket price.

![Trip frequency graph]

Source: CWT Travel Management Institute
Based on an analysis of transactions in 4 global companies involving 188,400 (>3bn spend)
Source: CWT Travel Management Institute
Based on an analysis of transactions in 4 global companies involving 188,400 (>3bn spend)
Intermediaries: friend or foe of the travel program?

Designed for business travelers to book directly with suppliers, new open booking technologies have added fuel to a longstanding debate on the value of intermediaries in the travel industry.

Up until now, the controversy has mainly focused on whether airlines and other suppliers should continue to provide full content to “costly” global distribution systems when travelers could connect directly to suppliers. With open booking, the focus is now turning to travel management companies too.

CWT’s response remains the same: that GDSs and TMCs provide the most efficient way for companies to access transparent, competitive travel services, compared with any booking approach that requires clients to shop around on multiple separate sales channels and potentially have trouble comparing like with like.

Airlines vs. GDSs: a long and winding road

The short version of the story goes like this: in the 1960s, American airline companies developed in-house computerized reservation systems, which were installed in travel agencies and opened up to other suppliers in the 1970s. Regulation followed in the 1980s, when it became clear that the owner airlines were reserving the most prominent screen space—at the top—for their own inventory to the detriment of competitors. In the 1990s, airlines suspended sales commissions to travel agents, some of whom were subsequently paid a share of the fees paid by airlines to the GDSs, as they became known. Then with the arrival of the Internet, the GDSs started to be sold off one by one by the airlines, which reasoned that such middlemen would eventually become extinct.

When this process was complete in North America in the early 2000s, the U.S. and Canadian governments decided to deregulate their GDS markets. Long discussions followed on European deregulation, which have still not been resolved. Most recently, a number of lawsuits have grabbed the industry’s attention as GDSs Sabre and Travelport (owner of Galileo and Worldspan) have reacted to “direct connect” initiatives by American Airlines and US Airways, said to eliminate price transparency.
Direct connect: a question of costs, control and competitive advantage

To understand why some airlines are so keen to bypass GDSs, the first place to look is costs—through direct connect, airlines can avoid paying GDS fees. While profits have been non-existent or wafer thin for airlines over much of the past decade or so, the same cannot be said for GDSs. For example, two of the main GDSs, Amadeus and Sabre, posted 25-30 percent profits in 2011. (See Figures 16-17.)

Figure 16: Airline profits have been slim for much of the past 15 years

Note: E=estimated and F=forecast
Sources: CWT Travel Management Institute, IATA, ICAO
Another related issue is control. With direct connect, airlines have the opportunity to build their relationships with travelers and differentiate their offerings by selling a wider range of ancillary fees than has been traditionally available on GDSs, as well as exploit tailored merchandising opportunities. Ancillary fees have become a major expense for business travel that companies are increasingly trying to manage, and to do so effectively, more transparency is required—particularly at the point of sale and in negotiations for a fair price comparison.

In response, the International Air Transport Association (IATA) has been developing a New Distribution Capability (NDC) aimed at providing standardized, enhanced capabilities across all sales channels through shared application programming interface (API) technology. While technology is important, it will take more than this to close the gap between what airlines display on their own sites and GDSs, or indeed between the different packages offered by
different carriers. GDSs are also pushing for standardization (e.g., Travelport and American Airlines have signed an agreement to use the same API) and are currently lobbying the U.S. Department of Transportation to require airlines to include basic ancillaries such as bag fees in their fares.

**What about corporate clients?**

For corporate clients, costs rise through the direct connect system due to inefficiencies caused by the need to compare multiple supplier sites with GDS content, potential missed savings and more complex traveler tracking. Where GDSs centralize nearly all of the required information for managed travel, direct connect effectively undoes this work!

The same arguments apply to open booking. Solutions that allow travelers to book directly with suppliers or with travel aggregator sites avoid agency transaction fees but involve various hidden costs (Figure 13 on Page 33). It is also worth remembering that booking fees represent on average only 3-5 percent of the total cost of trips and may be a small price to pay for the efficiency and services included.
Can alternative booking solutions reduce program leakage and increase control?

This depends on the solution. New technology can capture data on bookings outside TMC channels but may increase leakage if it implicitly or explicitly authorizes out-of-policy behavior.

- Some alternative booking solutions may increase “rogue” behavior.
- Most companies have a strong culture of control, with strict rules on preferred booking suppliers.
- Some, but not all, new technology solutions can boost compliance without undermining the managed travel program.

One of the arguments put forward by proponents of open booking is that providing travelers with more choice while capturing the booking data enables companies to reinforce their control over travel spend by reducing leakage—i.e., bookings that slip through the net of the managed travel program. In effect, any system that allows companies to capture data on travel spend potentially offers a way to analyze booking behavior, understand travel patterns and negotiate preferential deals with suppliers, as well as implement action aimed at boosting program compliance. And some of the new technologies on the market may provide a valuable complement to existing data sources, especially if they are able to consolidate the information into actionable reports. However, the issue of leakage should be put into perspective.

As seen earlier (Page 22), most bookings—with the exception of hotel room nights—are already made through the authorized channels, which capture the necessary data. As a complement to TMC transaction data, many companies also exploit other sources, such as expense reports, credit card programs and more recently, itinerary management apps such as CWT To Go. One important question is: Will new booking solutions capture missing data in an efficient, workable manner, bearing in mind the need to standardize and consolidate data from all sources?

And data is not the only issue in control. More importantly, the preferred channels also provide opportunities to influence traveler behavior, optimize compliance with the preferred supplier program for maximum discounts, and ensure travelers’ safety and security. Travel managers are therefore asking: Can new booking solutions help reinforce program compliance or would...
giving travelers more freedom in the booking process invite more “rogue” behavior? And finally: Do we want to cede control? Do we have the choice? Will we have more to lose than to gain by weakening our ability to influence traveler behavior at the point of sale?

Some alternative booking solutions may increase “rogue” behavior.

To date, there has been no concrete proof of the impact of open booking solutions on program leakage, but it seems logical that if travelers are given permission to book outside the TMC, even just implicitly, some of them will also be tempted to book outside the preferred supplier program and potentially ignore other policy items such as acceptable standards of quality and price. When evaluating different technologies, which are evolving, travel managers must look at their ability to work with the travel policy.

That said, most companies are unlikely to see a mass exodus from the program yet, since most travelers say they would book through the TMC even if not obliged to, and preferred channels play a useful role in reinforcing compliance.

Most companies have a strong culture of control, with strict rules on preferred booking channels.

Most companies that have travel policies prefer to steer travelers’ booking behavior, with around two-thirds of surveyed travel managers rating the culture of control in their organizations as rather strong (producing an average of 6.9 out of 10, where 1 is very weak and 10 is very strong). (See Figure 18.)

The only room for unmanaged travel is hotel bookings. At the same time, travelers will be less free in the future because companies want to reduce travel costs, mainly because of the crisis. And cost reductions mean more control, not less.

Travel manager
Companies are particularly strict when it comes to their policies on booking channels. Some 73 percent of surveyed travel managers say that their “travelers are actively encouraged to use the preferred corporate booking channel or face consequences for violating the policy since exceptions are not authorized.” (See Figure 19.)
This strictness is hardly surprising, given the well-known benefits of a clear policy—particularly on preferred booking channels—for savings, service and safety and security. In this latest study, travel managers rated the use of preferred channels as the second most important driver of savings, after restricted fares (Figure 20.) Indeed, preferred booking channels afford a certain measure of control over traveler behavior and directly impact other pillars of the policy, such as the use of restricted fares, preferred suppliers and authorized travel classes, which can be displayed prominently in online booking tools and recommended by travel counselors.
Figure 20: Travel managers consider preferred booking channels to be the second most important driver of savings.

How would you rate the following policy items in terms of their ability to bring cost savings?

- Using restricted fares: Average 8.1
- Using preferred booking channels: Average 7.9
- Booking in advance: Average 7.9
- Restricting authorised air classes/hotel categories: Average 7.9
- Booking with preferred suppliers: Average 7.5
- Using air/city caps (budget limit per trip): Average 6.4

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (149 responses)
Travel managers report high levels of compliance overall although CWT data shows much lower levels for hotel bookings.

Mirroring the culture of control and the strictness of corporate policies, reported compliance levels are fairly high overall, rated at 7.5 out of 10 on average by all surveyed travel managers, and at 8 or above by 54 percent of them. Further, more than half of those surveyed think compliance will increase over the next two years, compared with 44 percent who estimate it will stay the same and only 2 percent who say it will decrease. (See Figure 21.)

Figure 21: Travel managers say compliance is high—and expected to increase

How do you describe the rate of travel policy compliance in your company?

Which of the following most accurately describes how you expect compliance to evolve in your company in 2013-2014?

- 54% I think compliance will increase
- 44% I think compliance will stay the same
- 2% I think compliance will decrease

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (149 responses)
As discussed on Page 22, compliance is highest with preferred booking channels, which are always or usually used according to 97 percent of travel managers and 91 percent of travelers. On the other hand, CWT transaction data shows that program leakage is high for hotel room nights, especially in Europe. In March 2013, hotel leakage exceeded 60 percent in Europe, compared to just under 40 percent in North America, with only a slight improvement observed since 2012.

Figure 22: Hotel leakage exceeds 60 percent in Europe and 40 percent in North America

Source: CWT Travel Management Institute
Based on CWT global transactions
Note: leakage is calculated by comparing air and hotel transactions for stays of at least one night
As mentioned, compliance with the hotel program is a particular challenge because of the nature of the market, which is highly fragmented (particularly outside North America) and prone to availability problems in certain cities. In this context, travelers are more likely to book outside the program because they are forced to by circumstances, rather than by personal preference. Previous CWT research has shown that travel managers may underestimate this fact when considering the reasons for non-compliance (Figure 23).

Figure 23: Travel managers and travelers cite different reasons for booking outside the preferred hotel program

Source: CWT Travel Management Institute
Based on surveys of travelers (5,016 responses) and travel managers (101 responses) in 2009
Travelers are generally aware of their corporate policy but less so of the benefits.

Compliance is certainly an ongoing battle for most companies, which tend to approach it with a mixture of sanctions (up to not reimbursing expenses and/or disciplinary action) and especially regular communications and training. After all, if travelers are unaware of the rules and processes, how can they comply?

The good news is that travelers do have a basic awareness of their corporate travel policy: in this latest CWT survey, 89 percent of surveyed travelers say they have read the rules or guidelines, which 85 percent say are detailed and in writing. Among those who have not read their policy, fewer say it is because they do not know where to find it (21 percent) than because they lack time (37 percent). (See Figure 24.)

Figure 24: The main reason travelers say they have not read their corporate travel policy is lack of time, followed by a lack of attention

Reasons why some travelers have not read their corporate travel policy

- I haven’t had time to read it (37%)
- I don’t really pay attention to it (23%)
- I don’t know where to find it (21%)
- Other (19%)

Source: CWT Travel Management Institute
Based on a survey of business travelers (52 responses)
Nearly as many travelers (83 percent) also report clear guidelines on which suppliers to book. However, only 55 percent of travelers say they either “are actively encouraged to use the corporate preferred booking channel and must justify any exceptions” or “must use the corporate preferred booking channel or risk consequences for violating the policy, since exceptions are not authorized.” (See Figure 25.)

**Figure 25: Only 55 percent of travelers report a strict policy on booking channels**

How would you define your company’s policy on booking channels?

- I must use my company’s preferred booking channels or risk consequences for violating the travel policy (26 respondents, 55%)
- I am strongly encouraged to use my company’s preferred booking channels and must justify any exceptions (29 respondents)
- I am encouraged to use my company’s preferred booking channels (28 respondents)
- I can either book directly with suppliers or use my company’s preferred booking channels (10 respondents)
- I can use any booking method I like (7 respondents)

Source: CWT Travel Management Institute

Based on a survey of business travelers (466 responses)
The grand majority of travelers also report that their travel policy is easy to adhere to: 82 percent, compared to 3 percent who say it is not. A smaller majority, however, say that they understand the benefits: 66 percent, compared to 14 percent who say they do not. And the figure drops again when it comes to travelers agreeing with the statement that “the benefits of my company’s travel policy outweigh any frustration I may have about its limitations”: only 45 percent strongly agree or agree, compared with 16 percent who disagree or strongly disagree.

As discussed on Pages 18, the main reason travelers book outside the policy is by far to secure more convenient travel options (62 percent of travelers), followed by better prices (33 percent).

Figure 26: Travelers have mixed views on corporate travel policies

Please indicate how much you agree or disagree with the following statements

- My company’s travel policy is easy to adhere to
- I understand the benefits my company receives through the travel policy
- The benefits of my company’s travel policy outweigh any frustrations I may have about its limitations
- My company’s travel policy offers the same or lower prices than I could find on my own

Source: CWT Travel Management Institute
Based on a survey of business travelers (405 responses)
Some, but not all, new technology solutions can boost compliance without undermining the managed travel program.

These results indicate that companies still have room for improvement in terms of educating travelers on their travel policy, demonstrating the benefits and motivating them to comply. Some of the new technology solutions address this concern more or less successfully. For example:

- **KDS Maverick** provides a reminder of the authorized booking channels and can steer travelers toward them, depending on the modules chosen. (See Pages 72-74.)

- **BookIt by Short’s Travel** actively encourages travelers to book through the corporate online booking tool or TMC travel counselor after shopping around, and facilitates this process. (See Pages 75-76.)

In the TMC environment, technology solutions to boost compliance at the point of booking include the following:

- **Online booking tools** can be configured to display preferred fares more prominently, remind travelers of policy and/or report non-compliance. (Offline, travel counselors can be empowered to strongly recommend preferred options and/or refuse non-compliant bookings.)

- **Automated messaging services** such as CWT Program Messenger can be tailored to send communications to specific groups of travelers or managers depending on the circumstances. As an example, one CWT client has increased compliance with its hotel booking policy to 95 percent from an already impressive 80 percent by sending a message to travelers every time they make an air booking reminding them to also book their hotel rooms.

For every reason to book outside the corporate tool there should be a solution that complies with corporate policy. The answer is not ‘let travelers do what they want.’

_GDS project manager_
The industry has been hotly debating new booking solutions but it is important not to lose sight of the big picture: technology is an enabler, not a solution in itself. Instead of being disruptive, new technologies provided by TMCs, OBTs and expense management providers can be helpful for addressing leakage, which is a reality that all industry stakeholders are keen to address.

For companies to fully manage their programs, travel ideally fulfills three requirements:

- **Benefiting from applicable supplier discounts**
- **Respecting the corporate travel policy** on booking channels, preferred suppliers, advance booking rules, booking classes and other elements
- **Being trackable**, with all the relevant information (dates, fare, traveler name, hotel name, flight segments, etc.) aggregated and reported to travel managers

**Figure 27: Fully managed travel combines supplier discounts, corporate policy and data tracking**

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Which new avenues are open to which companies?

For companies to fully manage their programs, travel ideally fulfills three requirements:

- **Benefiting from applicable supplier discounts**
- **Respecting the corporate travel policy** on booking channels, preferred suppliers, advance booking rules, booking classes and other elements
- **Being trackable**, with all the relevant information (dates, fare, traveler name, hotel name, flight segments, etc.) aggregated and reported to travel managers

**Figure 27: Fully managed travel combines supplier discounts, corporate policy and data tracking**

---

Which of the following most accurately describes how you expect compliance to evolve in your company in 2013-2014?

- **Data tracking**
- **Travel costs** including negotiated discounts and preferential conditions
- **Supplier discounts**
- **Fully managed travel**
- **Corporate policy** Full guidelines provided to employees (on preferred booking channels, suppliers, travel class, etc.)
- **Data tracking** Full travel information (date, fares, hotel name, flight segments, etc.) received by the travel manager

Source: CWT Travel Management Institute
Trips booked through corporate online booking tools and TMC travel counselors typically meet all three of these three criteria, which is ideally the target for any new solution. The key question is therefore: to what extent can new solutions provide new value to the managed travel program?

Obviously, for very small companies that do not have the resources to implement professional travel management and procurement, any new services can make a positive impact. However, for organizations with established programs, the decision to roll out a new solution or switch to a new approach cannot be taken without considering the impact on program compliance.

In other words, features that make booking more user-friendly are only useful to the extent that they do not undermine the results already achieved by travel programs—often through long-term efforts involving careful iterations.

According to the CWT survey, most travel managers are wary of open booking, with 72 percent stating they are against the idea in Europe, the Middle East and Africa, and 67 percent in North America. Globally, 62 percent say they are against open booking, compared with only 9 percent in favor, and 29 percent who do not have an opinion on the approach. (See Figures 28-29.)

Figure 28: Most traveler managers are wary of open booking for large travel programs

How would you describe your attitude toward open booking?

![Bar chart](chart.png)

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (99 responses)
Figure 29: Globally, 62 percent of travel managers say they are against open booking and 29 percent have a neutral opinion

I am in favor of open booking mostly because it can bring cost savings

I am in favor of open booking because it can increase traveler satisfaction

I don’t have an opinion on open booking

I am neither for nor against it/I see both pros and cons to open booking

I am against open booking because it can make traveler tracking more difficult

I am against open booking because it can make supplier discounts harder to obtain

I am against open booking because it can limit data management, making it harder to get a global view of travel spend

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (147 responses)

The industry is not ready for open booking. The most suitable option is ‘open searching.’

GDS project manager
Overall, they believe it would be best suited to companies that set guidelines to limit spend and smaller or currently unmanaged programs, while the main reason to try open booking (if travel manager were to do so) would be to increase traveler satisfaction by offering them more freedom to book however they like. (See Figure 30.)

Figure 30: Travel managers acknowledge a variety of reasons for trying open booking if they were to do so

<table>
<thead>
<tr>
<th>Why would companies want to try open booking, given the potential risks?</th>
<th>Average score</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is a good solution if guidelines are in place to limit travel spend</td>
<td>6.9</td>
</tr>
<tr>
<td>It is a good solution for smaller/currently unmanaged programs</td>
<td>6.8</td>
</tr>
<tr>
<td>To increase satisfaction by letting travelers arrange their travel however they like</td>
<td>6.3</td>
</tr>
<tr>
<td>To get the best of both worlds with a hybrid program</td>
<td>6.2</td>
</tr>
<tr>
<td>Companies are dissatisfied with the booking fee model</td>
<td>5.6</td>
</tr>
<tr>
<td>It is a good solution for certain types of travelers</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Based on a survey of corporate travel managers (143 responses)

Small companies cannot always afford purchasing departments or travel managers and may be more likely to use unmanaged travel.  
*Association of travel agents*

Consequently, only 4 percent of surveyed travel managers have tried open booking, while 9 percent plan to pilot this approach in the next two years. An overwhelming 87 percent of travel managers say they have not piloted open booking and have no plans to do so.
However, not all of the new solutions require companies to shift their perspective on program compliance and authorize open booking. This section evaluates five new types of solutions that offer varying degrees of compatibility with existing travel programs:

- **“Online booking 2.0” or new interfaces for corporate online booking tools**
- **Itinerary management apps such as CWT To Go**
- **Booking tracking technology, such as KDS Maverick**
- **BookIt, an app by Short’s Travel Management**
- **An alternative booking platform: Concur Open Booking**

These solutions are compared in Figure 32 and described in more detail over the following pages. Each offers a different combination of features but also some limitations. For example, many of the services have limited coverage in terms of the types of travel that can be booked or the number of participating suppliers. Sometimes the benefits themselves are the drawbacks: in particular, giving travelers more freedom to shop around can mean inviting
out-of-policy bookings and therefore more expensive, less secure travel. These solutions are likely to evolve, but for the moment, most of them do not appear to be mature enough for the majority of companies’ needs.

Figure 32: How do different technology solutions compare?

<table>
<thead>
<tr>
<th></th>
<th>Plan trip</th>
<th>Book compliant trip</th>
<th>Organize trip information</th>
<th>On the go</th>
<th>Back from trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate online booking 2.0</td>
<td>✓</td>
<td>✓✓✓</td>
<td>✓✓✓</td>
<td>✓</td>
<td>✓✓✓</td>
</tr>
<tr>
<td>Itinerary management apps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Booking tracking technology</td>
<td></td>
<td>✓✓✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BookIt app</td>
<td>✓✓</td>
<td>✓✓</td>
<td>✓</td>
<td>✓✓</td>
<td></td>
</tr>
<tr>
<td>Open booking platform</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute

The technological barrier to open booking is high but getting lower. The trickiest part is suppliers’ ability to provide live data to companies.

Consultant
Thanks to a brand new generation of online booking tools, travelers now have one less reason to prefer leisure travel sites when booking corporate travel. Improved user interfaces and door-to-door booking in just a few clicks are among the benefits currently implemented by the latest OBTs, bringing them more into line with what travelers have come to expect from their personal bookings.

**High user satisfaction**

It may be time for the travel industry to update its view of corporate OBTs. Recent traveler feedback gathered through *CWT Listens*, an ongoing survey of travelers, shows that 85 percent of surveyed OBT users during the April 2012 to March 2013 period were satisfied or very satisfied with their booking experience, improving on the previous period results (78 percent or +7 points in January 2010 to May 2011). And the gap with offline booking is closing, with satisfaction now only 5 points higher among offline bookers (91 percent, compared to 86 percent in the previous period of January 2010 to May 2011).

**Figure 33: Traveler satisfaction with on- and offline booking is high**

![Figure 33: Traveler satisfaction with on- and offline booking is high](image)

Source: CWT Travel Management Institute
Based on *CWT Listens*, a survey of travelers after booking (258,000 transactions, April 2012 to March 2013)
As another indication of satisfaction, online usage has grown steadily over the last four years, gaining on average 4 points every year. Looking specifically at OBT hotel bookings between 2011 and 2012, the trend is even more pronounced. (See Figure 34.)

Figure 34: Online usage has grown steadily, gaining on average 4 points annually
+4 points annually across all air bookings

![Graph showing online usage growth](image)

Source: CWT Travel Management Institute
Based on ≈30 million air transactions per year

Strong progression in online hotel bookings

![Bar chart showing online hotel bookings](image)

Source: CWT Travel Management Institute
Based on ≈14 million hotel transactions per year
What are the new features?

Corporate online booking tools have been steadily improving over the years, adding new features to improve the user experience and better support the travel policy.

On the traveler side, the new enhanced interfaces for users include, for example:

- The ability to search for options based on simple criteria, including the precise address of departure, destination, desired arrival time and duration of trip. If travelers use a GPS-enabled mobile device, the place of departure can be automatically suggested according to the user’s current location.

- A choice of options. For example KDS Neo displays the cheapest, the fastest, the greenest and the recommended itinerary that balances cost and time, giving priority to policy rules, then preferred suppliers and personal preferences.

- Complete door-to-door itineraries including untraditional segments such as public transportation and taxis. These are mapped on a timeline, with the price and duration of each part of the journey.

- Fast booking. Whereas earlier iterations of OBTs often implied a long succession of screens before final booking, the latest generation allows booking fast.

For travel managers, the benefits include:

- High compliance, especially with the use of preferred suppliers
- Transparent prices
- Guaranteed access to reliable data
- Fast and accurate reporting
- The ability to keep all managed travel features (preferred suppliers, discounts, etc.).

Current limitations include:

- Availability of new features is not yet standard across all OBT providers
- Geographical coverage
Figure 35: Pros and cons of online booking 2.0

<table>
<thead>
<tr>
<th>Description</th>
<th>Traveler</th>
<th>Company</th>
<th>Overall attractiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ User-friendly interface</td>
<td>✓✓</td>
<td></td>
<td>Medium-high</td>
</tr>
<tr>
<td>- Less efficient for complex or multi-destination trips</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Door-to-door solutions</td>
<td>✓✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Limited accuracy and some errors in time calculations, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Response time can be long</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Reliable data tracking</td>
<td>✓✓</td>
<td></td>
<td>High</td>
</tr>
<tr>
<td>+ Full TMC features: preferred suppliers, discounts, payment, etc.</td>
<td>✓✓✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Limitations on complex travel can lead travelers to go rogue, with loss of trackability and reporting data</td>
<td>✓✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Easy integration with expense reporting</td>
<td>✓✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Importance: ✓✓✓ High ✓✓ Medium ✓ Low

Source: CWT Travel Management Institute
“Complex” itineraries now easier to organize through services like Rome2Rio

Rome2Rio is one of the latest technology providers offering point-to-point booking services accessible via the web or mobile devices.

With ease of use in mind, Rome2Rio suggests a choice of itineraries based on the traveler’s start and end points. For each option shown on a map, the total travel time, carbon emissions and cost are indicated, along with a choice of available hotels and transportation providers (air, rail, coach, car and mass transit).

Companies will soon be able to customize this interface to display preferred suppliers on the screen, as well as specific information about their travelers’ itineraries.

Compared with the latest OBTs, Rome2Rio provides the added benefit of information on mass transit. It does not, however, enable any booking or integrated expense management capabilities.
In brief: online booking 2.0

Elevator pitch
*Quick and easy door-to-door travel booking on any device*

Key features
- Door-to-door booking
- Optimized for new-generation devices such as tablets and smartphones
- Travelers see total time and cost of trip before booking
- Configurable to support the corporate travel policy
- Can be integrated with expense management solutions

How does it work?
- Latest generation of online booking tool features customized to client organizations

Suitable for...
- Companies with policies encouraging the use of TMC booking channels

Current limitations
- OBTs provide booking features only, without itinerary management or destination information.
- Regional coverage varies between OBT suppliers.

CWT tip
- When selecting an OBT provider, ask about the availability of a next-generation user interface.
- Consider whether to implement a single global OBT or best-in-class regional OBTs.
- Add an itinerary management app to capture data on bookings outside the OBT or TMC travel counselors for a comprehensive view of travel spend.
Itinerary management apps: “policy-agnostic” services for travelers and data for travel managers

Travel apps such as CWT To Go offer a convenient way for travelers to centralize all their itinerary details and other travel information, whether or not they book through their TMC or other channels. Travel managers can also exploit the data on “rogue” spend regardless of the corporate booking policy, with coverage that is nearly 100 percent complete. This solution could be seen as a policy-agnostic enhancement to traveler service with the added benefit of capturing some of the data that might otherwise be lost.

Bringing the best of leisure apps to business travel

Whoever said “any sufficiently advanced technology is indistinguishable from magic” might well have been imagining itinerary organizers. These apps create folders of trip information on travelers’ mobile devices and keep them in sync with any updates while requiring little or no effort on the part of the user. They work thanks to parsing technology that scans booking travel confirmation emails for information, ranging from full hotel and flight details to the amount paid and agent used. Emails are either forwarded manually by travelers to a centralized address (e.g., plans@cwttogo.com) or, if the app enables the feature, sent automatically when bookings are made through TMC channels. The most complete apps also offer booking capabilities, identifying dates where the traveler might need accommodation or car rental and suggesting options. Practical tools (mobile check-in, currency converter, world clock, weather report, etc.) complete the service. (See Figure 36.)
An added bonus for travel managers: data

Although these apps were designed first and foremost for travelers, they can also benefit travel managers by providing data on “rogue” spend outside of TMC booking channels. Further, the cost of such apps is low.

Figure 36: How itinerary management apps keep travelers and travel managers up to date

But… technical limitations mean some gaps

While itinerary apps can make life easier for both travelers and travel managers, they do have some limitations. For travelers, the main one is that a very small proportion of itinerary formats cannot be read (about 5 percent). This problem mostly concerns some rail companies and a few local airlines, however, and is likely to be resolved in the near future.

Similarly, for travel managers, the main limitation is the potential gaps in data since some emails cannot be read, some may not be forwarded by travelers into the app, and some employees may not even register to use the app. Also, any data captured may be out of date if emails concerning changes are not forwarded. To address this problem, some apps enable automatic notification from the corporate online booking tool or travel counselor.

Source: CWT Travel Management Institute
## Figure 37: Pros and cons of itinerary management apps

<table>
<thead>
<tr>
<th>Traveler</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Image" /></td>
<td><img src="image2.png" alt="Image" /></td>
</tr>
</tbody>
</table>

### Description
- **Traveler**
  - Convenient, up-to-date itinerary information for each trip
  - Suggestions provided for hotels, car rental and other services
- **Company**
  - Consolidated trip details
  - Limited costs

| ![Image](image3.png) | ![Image](image4.png) |

### Overall attractiveness
- Traveler must forward trip details to the app
- App may scan employees’ inbox to detect bookings, potentially causing privacy issues
- A few email formats cannot yet be read by the system
- Travelers may forget to forward some emails, leading to incomplete data
- Incompatibility issues (a few formats) may also limit completeness of data
- Misuse of professional email address (for personal trips) may lead to inaccurate reports
- Each employee needs to download app (no centralized registration)

**Source:** CWT Travel Management Institute

### Who can benefit?

All types of travelers and companies can benefit from these free or relatively inexpensive apps, which offer an improved traveler experience and data on rogue bookings regardless of the corporate policy on booking channels. In particular, travel managers can capture data without authorizing or implicitly tolerating booking outside the TMC.
In brief: itinerary management apps

Elevator pitch
*A mobile travel app for travelers to manage itineraries, flight information and more*

Key features
- Centralized up-to-date travel itineraries
- Practical travel-related information (e.g., flight status updates)

How does it work?
- Automatic or manual forwarding of travel confirmation emails
- Information ready by email parsing technology
- Data provided for travel managers

Suitable for..
- Any company: this “policy agnostic” solution can be used regardless of an organization’s travel policy

Current limitations
- About 5 percent of itinerary formats cannot be read
- May not capture all rogue data, depending on traveler opt-in and systematic forwarding of emails

CWT tip
- Communicate a clear policy mandating or recommending TMC booking channels and rely on the app to capture rogue spend data.
- Communicate a dashboard displaying the percentage of compliant trips and incentivizing travelers to increase compliance.
Booking tracking technology: working with, not against “rogue” travelers

“If you can’t beat ’em, track ’em”? A new service by booking and expense tool provider KDS enables companies to bring potential “rogue” travelers back into the managed travel fold or alternatively to track their booking behavior on leisure travel sites.

Key features: reminding travelers of policy, redirecting them to authorized channels and/or rescuing the data

KDS has introduced a browser plug-in called “Maverick,” which detects attempts by travelers to book on unauthorized public websites and responds with a pop-up policy reminder. The traveler may then agree to be redirected to the corporate online booking tool or continue booking on the unauthorized site, in which case the data can be captured and used for safety and security, expense management and reporting. (See Figure 38.)

Figure 38: Example of a pop-up policy reminder, as offered by KDS Maverick

It looks like you’re on a travel website. No problem, just be sure to book your travel with our company’s travel agency

Three good reasons to book with our contracted travel agency:
1. Your safety – we’ll know where you are
2. Best prices – including our private discounts
3. Future leverage – we need to show suppliers booking power

Please accept to book with our travel agent

[Buttons: No thanks, Accept]
These services correspond to two modules:

Module 1: “Warn/educate/redirect.”

This is a pop-up message that can be configured to warn travelers that they are about to break company policy, remind them briefly of program benefits and educate them of the risks linked to booking outside the program. These features complement messaging services in the managed program environment such as CWT Policy Messenger, which can be tailored to send communications to specific groups of travelers or managers depending on the circumstances.

Module 2: “Flex T&E.”

This option enables companies to capture valuable data from bookings made on unauthorized channels, for use across the program. Companies can either ask employees to opt in to the system each time (e.g., by clicking to integrate receipts into the corporate expense management system or a mobile itinerary) or make it mandatory for them to authorize data collection (e.g., for forwarding to risk management service providers). In the managed program environment, this feature roughly compares to TMC data consolidation and expense management services based on credit card data, although such data may be less granular (not including, for example, details on flight booking classes and hotel categories).

Pros and cons

Booking tracking can be an effective way to boost compliance by reminding travelers of corporate policy and guiding them back to the authorized booking channels. If companies do not block web bookings at this stage, data that would otherwise fall through the net can be captured, bringing travel managers and travelers many of the benefits of classically managed travel, in terms of the ability to track travelers in an emergency, as well as data for reporting, trend analysis and negotiation purposes. In particular, travel managers can gain new insights into rogue spend, such as which populations of travelers book most outside the program and their reasons for doing so.

Booking tracking technology is also relatively easy to implement. It is not all good news, however. For the moment, this tracking technology only works on computers, not mobile devices, and prevents travelers from using their work computer for personal travel, which may not suit the IT policy of every company.

Who can benefit?

The audience for this kind of service is wide, ranging from companies with a high-control culture wishing to boost traveler compliance, to those with a more relaxed travel policy wishing to provide travelers with more freedom in the best possible conditions (i.e., enabling services such as traveler tracking, pre-populated expense reports, etc.).

As described, booking tracking features can benefit both travel managers (for more control) and travelers (for better service).
In brief: booking tracking technology

Elevator pitch

Proactive control of maverick spend

Key features

- Communicates policy in real time on travel booking sites
- Redirects willing travelers or blocks web bookings, depending on the option chosen
- Option to capture rogue spend

How does it work?

- Pop-up window to remind travelers of policy and redirect them towards the corporate online booking tool/travel counselors

Suitable for...

- Companies with policies encouraging the use of TMC booking channels

Current limitations

- No limit on the number or type of travel sites for which warnings can be generated

CWT tip

- Choose the right configuration for the company's culture of control: if high, opt to redirect travelers back to the preferred channels; if low, opt to track booking data.
An exciting variation on the open booking theme is an app developed by U.S.-based Short’s Travel Management. Unlike booking tracking solutions that merely nudge willing employees back to the authorized channels, this app lets travelers shop around on the web before booking through the TMC in just a few clicks.

In other words, travelers have the freedom to shop anywhere, but companies retain more control over the booking process, along with precious data. Importantly, the system ensures that preferred fares and suppliers are among the choices open to travelers when they book this way.

**How it works: shopping around while keeping program deals in the loop**

Travelers can use the “Share” button on selected travel websites or manually email details of their preferred flights to bookit@shortstravel.com. Bookit looks up the traveler’s profile and travel policy, applies the company’s negotiated discount and searches for better alternative fares, which it sends back to the traveler. The traveler then clicks to confirm their choice for booking by the TMC.

**Limitations: flights and simple itineraries only, and encouraging out-of-policy bookings?**

At the moment, this solution only works for flights and simple itineraries offered by websites that enable travel options to be shared by email, but developments are in the works. With an upcoming version (announced but not yet launched at the time of writing), travelers will be able to book simply by entering their work email address and clicking the Bookit button. This version will also increase the number of supported travel websites.
However, it could be argued that allowing travelers to shop around encourages them to choose options outside the policy, even if they remain on the TMC radar in the booking process. Doing so may cause a drop in traveler productivity, as well as raise issues about safety and security (i.e., travelers choosing appropriate quality options).

**In brief: BookIt by Short’s Travel**

**Elevator pitch**
A traveler-centric “search and shop” app allowing employees to shop on the web while booking through corporate channels (for air only)

**Key features**
- Travelers can shop around and still book through TMC channels

**How does it work?**
- Travelers manually forward chosen deals to BookIt, which checks the corporate policy, applies the relevant discounts and proposes better fares if available. Travelers then click to confirm their choices.

**Suitable for...**
- Companies with policies encouraging the use of TMC booking channels

**Current limitations**
- Flight bookings only
- Limited to websites enabling itinerary options to be shared by email

**CWT tip**
- Companies will experience the full benefit of this app when it enables hotel, rail and car rental bookings.
Concur has based its new “Open Booking” solution on the claims that travelers want more choice and travel managers need more control, given high rates of out-of-policy bookings. As explained earlier, however, most travelers are satisfied with their booking experience and program leakage is low for air and ground transportation bookings. Although non-compliance is indeed high in the hotel space, the nature of the market makes it more difficult for companies to provide the necessary coverage. While Open Booking offers a user-friendly booking experience while enabling companies to capture “rogue” data, travel managers should consider the implications of this solution on policy compliance and program performance.

How it works: an alternative platform for corporate bookings

Concur, an integrated travel and expense provider, is offering a cloud-based interface for managing travel bookings and expenses outside the classic travel management company channels (based on global distribution systems). Travelers get centralized travel itineraries and expense reporting through an integrated TripIt Pro app, while their companies can opt for access to the booking data. Various features are activated depending on the edition chosen, and all users have access to the “Concur Connect Platform,” which enables them to benefit from corporate discounts from participating suppliers after creating a personal profile with each. This profile includes pre-populated policy information that cannot be changed by individual users.

An attractive proposition, but many unanswered questions

Concur’s idea is to place travelers at the center of their travel ecosystem, linking them to the various services they need through one user-friendly interface accessible by any device. The pitch is certainly attractive, but a number of questions remain unanswered:

- **Will all or enough of a company’s preferred suppliers be connected to Concur’s cloud?** The company says that it will take time to enroll suppliers to the process, and it is still too early to tell whether it will reach critical mass on a global scale. Currently, coverage is non-existent on the air market and limited to less than 25 percent of the U.S. hotel market and 40 percent of the U.S. car rental market. In the future, it is likely to vary between regions and travel categories, bearing in mind that the U.S. hotel and car rental markets are relatively concentrated compared to others.

- **Will companies dilute their negotiated discounts if they have less influence over travelers at the point of sale?** If the user interface is open to a wider variety of suppliers—not just preferred vendors—it
It seems logical that volume targets will suffer, unless the technology enables some form of pre-selection or recommendations driven by a corporate policy.

- **With less control over travelers’ booking process,** how will companies be able to ensure safety and security for travelers? This point touches on the suppliers and options chosen by travelers, as well as any day-to-day and emergency support they may need. While certain suppliers may display only compliant options, this does not solve the problem of travelers being free to choose suppliers outside the program. And just as importantly, will travelers still be able to benefit from TMC support, particularly when they need to change or cancel bookings? Concur says it intends to provide TMCs with exclusive technology and “passive segment” solutions that would enable travel counselors to access travelers’ itineraries on suppliers’ websites and modify or create new bookings as necessary, but this is likely to be a rather inefficient way to manage changes compared with the one-stop shop of GDSs.

**Figure 39: Travelers have less flexibility for cancellations or changes when booking through the open market**

<table>
<thead>
<tr>
<th>Managed travel</th>
<th>Open booking</th>
<th>Potential issues with open booking</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMC</td>
<td>TMC</td>
<td>Travelers may waste time in the searching and booking process</td>
</tr>
<tr>
<td>TMC</td>
<td>TMC</td>
<td>Traveler inconvenience (impossible to use lodge cards)</td>
</tr>
<tr>
<td>TMC</td>
<td>TMC</td>
<td>Potentially incomplete data (e.g., if traveler does not forward all relevant emails)</td>
</tr>
<tr>
<td>TMC</td>
<td>TMC</td>
<td>Employee tracking issues + more complicated change/refund process</td>
</tr>
<tr>
<td>TMC</td>
<td>TMC</td>
<td>Accuracy and completeness of data?</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Will travelers systematically create profiles with each supplier so that they access their companies’ discounts and comply with policy? If being identified with a specific company limits travelers to certain policy constraints, will they still want to sign up?

Will the booking costs associated with this platform be competitive?

Will travelers be able to pay using corporate lodge cards? For the moment, it appears that only personal credit cards can be used, which can be an inconvenience for travelers when paying for expensive trips, compared to corporate lodge cards.

How complete and accurate is the data reporting? Often data from different sources needs to be checked and harmonized so that it can be used meaningfully with TMC data.

---

**In brief: Concur Open Booking**

**Elevator pitch**

An alternative platform enabling travelers to link to participating suppliers and access negotiated corporate discounts

**Key features**

- Direct booking with suppliers
- Corporate discounts and loyalty points through traveler profiles
- Online itinerary management through Concur’s TripIt app
- Integrated data reporting and expense management

**How does it work?**

- Concur’s T&E Cloud links traveler user profiles with participating suppliers

**Suitable for...**

- Companies willing to risk travelers booking outside the policy more often

**Current limitations**

- Supplier coverage is mainly limited to North America.
- The platform may increase the risk of program leakage as it connects directly with suppliers.
- On-the-go service is not provided unless TMCs participate in the platform.
- The platform lacks a single service point for disruptions since bookings are generated on multiple supplier websites.

**CWT tip**

- Authorizing travelers to book outside the TMC may well invite non-compliance with other elements of the travel policy.
- Test the service on a sample of travelers first.
- Concur’s platform needs to reach critical mass for companies to see the full benefits of direct booking with suppliers.
Conclusion

Unsurprisingly, travel managers are reluctant to take claims about radical new approaches to corporate booking at face value, and are instead looking for concrete evidence of benefits while carefully weighing the risks.

CWT advises clients to consider new technologies in terms of how they can best complement their existing programs or help them to achieve their goals, which remain the same: providing the right services to enable employees to book efficiently, travel safely and spend intelligently.

By implementing a latest-generation online booking tool combined with an itinerary management app, companies can continue to promote program compliance while picking up data on spend outside the authorized channels. At the moment, no other system has been proven to match the performance of “classic” managed travel programs, which are still highly relevant given the challenges facing travel managers today.

- Travel is significantly cheaper when booked through TMCs than alternative channels.
- Travelers want convenience above all. A less controlled booking environment appears to bear no relation to travelers’ satisfaction with the travel experience.
- Travelers who book outside the TMC have much less flexibility for changes or cancellations and receive little service support, which can impact their productivity, as well as safety and security.
- A range of new technology solutions are available to help travel managers track data on “rogue” spend, depending on companies’ approach to managed travel.
- The majority of travel managers remain wary of introducing open booking policies.
Appendices
<table>
<thead>
<tr>
<th><strong>Glossary</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Booking tracking</strong></td>
</tr>
<tr>
<td><strong>Compliance</strong></td>
</tr>
<tr>
<td><strong>Email parsing</strong></td>
</tr>
<tr>
<td><strong>GDS</strong></td>
</tr>
<tr>
<td><strong>Itinerary management app</strong></td>
</tr>
<tr>
<td><strong>Managed travel</strong></td>
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<tr>
<td><strong>Managed travel 2.0</strong></td>
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<td><strong>OBT</strong></td>
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<td><strong>Open booking</strong></td>
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<td><strong>TMC</strong></td>
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<td><strong>Travel policy</strong></td>
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<td><strong>Unmanaged travel</strong></td>
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