Faster, smarter, better?
Emerging technologies and trends and their impact on managed travel
ABOUT THE
CWT TRAVEL MANAGEMENT INSTITUTE

The CWT Travel Management Institute publishes research on managed travel trends and best practices to help companies get the most from managed travel programs. Faster, smarter, better? is the latest in-depth report in a series including:

- Tap into mobile service: managed travel in the digital economy (2014)
- Mastering the maze: a practical guide to air and ground savings (2012)
- Business traveler services: finding the right fit (2011)
- Meetings and events: where savings meet success (2010)
- Room for savings: optimizing hotel spend (2009)
- Playing by the rules: optimizing travel policy and compliance (2008)
- Global horizons: consolidating a travel program (2007)
- Toward excellence in online booking (2006)

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ABOUT THIS CWT RESEARCH

A global study on the impact of emerging technologies and trends on managed travel

Date: December 2014 to May 2015

Objectives

- Identify the main emerging technologies and trends expected to impact the managed travel industry over the next three to five years
- Assess the impact on managed travel programs
- Share best practices and recommendations to help companies assess these developments and make appropriate choices

Methodology

CWT identified more than 15 emerging trends and technologies to include in this research, which involved:

- Interviews with more than 65 travel management experts from companies, business travel associations, travel management companies, technology and solutions providers, travel suppliers, trade media and consultants
- A detailed online survey of 1,080 travelers from four global companies and a similar survey involving 127 travel managers worldwide (see Pages 62-65 for a breakdown)
- Case studies of companies that have successfully implemented some of the new solutions
  - Case study #1: incorporating Airbnb into a travel program (see Page 48)
  - Case study #2: implementing a virtual payment card system for a recruitment program (see Page 57)
EXECUTIVE SUMMARY

Faster, smarter, better? Emerging technologies and trends and their impact on managed travel

This latest global research by the CWT Travel Management Institute explores the main emerging technologies and trends impacting managed travel today. Drawing on industry experts, case studies and extensive surveys, the report shows how travelers and travel managers are adapting to change, eager to make the most of new tools and services. Starting from more than 15 technologies and trends, five main themes emerge:

- **Mobile technology.** This is the leading trend for survey respondents, who consider the impact on managed travel to be high. Key developments include seamless “multichannel” access across devices, all-in-one “power apps,” wearable technologies and location-based services (e.g. keyless hotel room entry, airport alerts and enhanced online interaction between meeting attendees). A clear mobile policy can steer travelers toward approved apps and solutions and address data security concerns.

- **Customization.** Big Data, social media and IATA’s new distribution capability (NDC) for airline inventory are three main drivers in customizing the traveler experience while supporting program objectives. In particular, the traveler profiles used to tailor booking services are becoming more powerful thanks to sophisticated analyses of booking and browsing behavior, combined with data from other sources.

- **The sharing economy.** Many travelers are using services such as Airbnb for accommodation and Uber for ground transportation. The barriers to adoption in managed travel are coming down as sharing economy brands adapt their offerings to the managed travel market, tackling safety/security and expense management issues.

- **New booking solutions.** Travel managers are increasingly interested in fare and rate tracking technology that enables their programs to generate further savings. They are also looking for technology-based, proactive rebooking services to assist employees who face trip disruptions.

- **New payment solutions.** Companies are also evaluating new payment solutions that help simplify processes, reinforce program compliance and protect against fraud. Single-use “virtual card” solutions, for example, allow travelers to buy travel using a central payment system similar to lodge cards but offered by a wider range of suppliers, including hotels and low-cost carriers.

In terms of evolving technology and trends, managed travel is certainly becoming faster, smarter and even better when the new tools and processes are used wisely.
INTRODUCTION
These are exciting times for managed travel. CWT’s latest research shows that travelers and travel managers are open to new technologies when they offer a clear opportunity to work faster, smarter and better.

Travel managers and travelers are adapting to change.

As the pace of technological change is accelerating, so is market readiness for new ways of buying, managing and experiencing travel.

Business travelers in particular not only want new services; they expect them. Travelers are influenced by their experience as consumers and they are ready technologically. They now carry a previously unimaginable amount of computing power with them via their mobile devices, as well as being fully equipped in their home and work offices. Using connected devices is easier than ever before, as broadband and Wi-Fi improve and the applications become more intuitive and even fun.

Travel managers are also welcoming new technologies and trends as opportunities to serve travelers better while helping them to reach their traditional goals of efficiency and savings.

This feedback emerged from an extensive CWT survey of travel managers and travelers, along with information provided by leading industry experts. Our study evaluated more than 15 different industry trends and technologies based on their relative maturity and perceived impact on managed travel. As a result, five key themes emerged: mobile technology, customization, the sharing economy, new booking solutions and new payment solutions.

What are the changes?

Many of these technologies or trends have been around for some time in the consumer market. What is new is the emergence of offerings geared toward corporate travelers (e.g. Uber for Business) and new versions of technology inspired by the leisure market but developed specifically for managed travel (e.g. mobile booking apps offered by travel management companies). A few solutions have been designed from the ground up with corporate clients in mind (e.g. single-use “virtual credit cards”). Some are evolving to offer more features and a better user experience, while others, such as wearable devices, are just emerging.
This changing landscape is giving rise to new concerns. While travelers want access to the latest tools that will make their lives easier is a given, they are wondering how their data privacy will be impacted, as well as quality of service, ease of use and safety. Travel managers are just as interested in understanding the impact of the latest technology, while focusing on managing change in their companies and keeping travelers in a policy-compliant travel environment. The majority of surveyed travel managers who rate the impact of new technologies and trends moderate to high (3+ on a scale of 1-5) either have firm plans to expand their programs to integrate them or are actively considering their options (35 percent and 38 percent respectively).
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Most of those who are planning to make a change say they will do so in the next year (56 percent), while a further 42 percent plan to do so within two to five years.

What remains unchanged is how travel managers expect travel management companies (TMCs) to continue playing a key role in every area of their programs. As the available tools evolve, the fundamental challenges and goals still apply: managing travel as efficiently as possible to deliver savings, service and security.
Travel managers continue to value the support provided by TMCs for integrating new trends and technologies, particularly with respect to reporting, analytics, optimization, content and compliance.

Meanwhile, travel management companies and suppliers are working with clients, partners and other market players to stay in tune with new trends and develop the services companies need. This often means safeguarding clients’ interests and providing input to help technology owners produce the right solutions.

This latest CWT research explores the key trends influencing managed travel in the five main areas identified: mobile technology, customization, the sharing economy, new booking solutions and new payment solutions. After assessing the expected impact, we share best practices and suggest ways for companies to make the most of these opportunities to provide value.
TRENDS IN FIVE KEY AREAS

- Mobile technology
- Customization
- The sharing economy
- New booking solutions
- New payment solutions
Mobile technology

More and cheaper smart devices, an ever-growing number of features and an intuitive user experience... It's all good news for consumers and little wonder that mobile remains a dominant trend in managed travel. Developments in multichannel technology, “power apps” and most recently near-field communication, beacon and wearable technologies dominate the managed travel discussion.

In our survey, mobile technology emerges as the highest-impact trend for travel managers and an important element to include in the travel program for the vast majority of travelers.

Overall, travel managers expect mobile technology to make an above-average impact on their travel programs (a 3.43 rating on a scale of 1-5, where 1 = no impact and 5 = a high impact).

Figure 5  Estimated impact by key trend and technology

Source: CWT Travel Management Institute (2015) based on a survey of 127 travel managers
Some 92 percent of travel managers expect mobile technology to make an impact (ranking it 3+ on a scale of 1-5), while 72 percent consider this impact to be high (ranking it 4+).

Travel managers’ view of mobile technology is clearly evolving, since in 2014, fewer survey respondents expected some impact (84 percent) and fewer still a high or very high impact (65 percent).\(^1\)

In this latest survey, 61 percent of surveyed travelers say it is important for mobile to be part of the travel program (3+ rating). A slightly higher proportion of those who do not consider it important are infrequent travelers (taking fewer than three trips a year).

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\(^1\) Source: CWT Travel Management Institute, *Tap into mobile service: managed travel in the digital economy* (2014)
This impact is largely considered positive by travelers in terms of convenience and ease of use (Figure 11). Travel managers also consider the impact of mobile technology to be positive in terms of improved traveler satisfaction (Figure 12). However, some concerns remain, such as data security (Figures 13-14).

Smartphone usage is growing fast.

Smartphone adoption has grown at a staggering rate, from 1.31 billion users in 2013 to 1.64 billion in 2014 (+25 percent). This growth is set to continue, with the number of users reaching an estimated 1.91 billion in 2015 (+16 percent), 2.16 billion by the end of 2016 (+12 percent)² and more than 4 billion by 2020.³ To put this into perspective, a quarter of the world’s population will own a smartphone by the end of 2015, with a much higher percentage expected among business travelers. In a 2014 survey in the United States, 97 percent of air passengers carried a phone, laptop or tablet.⁴

Travelers are not only better equipped but better connected and able to take advantage of constantly evolving mobile travel services.

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² Source: eMarketer (December 2014)
³ Source: ITU Tech Summit (Nov 2014)
⁴ Source: SITA, Passenger IT Trends Survey (2014)
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Wearable devices are worth watching.

Growing buzz about wearable computing devices has just increased with the launch of Apple Watch this spring after the launch of Google’s Android Wear last year. It is still early days for these kinds of devices, but the market is almost certain to take off fast over the next few years. According to a recent report by Business Insider, the global market for smartwatches, fitness trackers, smart eyewear and other wearables reached 33 million units in 2014, and should grow by 35 percent annually over the next five years, reaching 148 million units shipped per year in 2019.5

Figure 8 Growth in smartphone users

Users (billions)

Source: emarketer

“Mobile technologies are a revolution for corporate travelers. Besides staying in touch with their business, they can manage their travel on the go.”

— Editor, business travel publication

What may make a difference to uptake is how fast smartwatches become fully functional stand-alone devices that do not need to be linked to the user’s smartphone. Other factors include how the hardware will evolve in terms of features, usability, battery life and transmission support (Bluetooth, Wi-Fi, GPS, 4G, etc.).

In any case, airlines, GDSs and hotels have already started delivering mobile services to smartwatches in addition to smartphones. And this is just the beginning…

**Beacon and near-field communication technologies are enabling new traveler services.**

Many of the mobile services available on smart devices use beacon or near-field communication (NFC) technologies, which are based on the user’s location. These are facilitating many of the new trends discussed in this report, from mobile payments to customized services.

New location-based services for travelers include, for example:

- Keyless hotel room entry and personalized room controls
- Airport alerts on boarding gates and times
- Facilitated social communications between meeting attendees and more interactive events (e.g. live polling)
- Safety and security alerts and/or travel policy reminders for travelers, based on geolocalized events
- “Contactless” mobile payment solutions such as Apple Pay (see Page 54)
What remains to be seen is whether these technologies will simply provide convenience for travelers or whether they will also support the travel program; for example by providing travel managers with previously uncaptured spend data or confirming to travelers at hotel check-outs that their company’s preferred rate has been correctly applied.

Users expect seamless multichannel access.

In 2014, 18 percent of travelers surveyed at an airport were carrying at least three devices (a smartphone, laptop and tablet) and this number will only increase in the future.6 Taking into account internet use on desktop computers as well, consumers are getting used to switching between different devices and they increasingly expect the same user-friendliness and features (e.g. preferences and items stored in shopping baskets) regardless of which they use. For corporate travelers, this could mean looking at flights and submitting an option for approval on their office desktop computer, checking the approval status and booking on their tablets at home, and then checking flight details and status updates on their mobile while on the move — all quickly and easily by logging on to their account each time (or skipping this step if they select the “remember me” option).

For surveyed travelers, convenience and ease of use are clearly the top two benefits of mobile services.

CWT is currently exploring ways to deliver a mobile-first multichannel offering, combining a fast, easy, consumerized mobile experience with online desktop access and support from travel counselors. Considering mobile as the primary channel breaks with the traditional approach in which mobile features are developed simply as an extension of desktop online tools.

Less is more when it comes to travel apps.

More than 70,000 travel apps are available in the Apple App Store alone.7 As the number of apps has increased, so has the need for tools that serve more than one purpose or “power apps” that offer most of the features business travelers need.

In this area, the managed travel market has evolved significantly over the last few years.

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6 Source: SITA, Passenger IT Trends Survey (2014)
7 Source: pocketgamer.biz (May 2014)
Five years ago, the best apps offered by TMCs were aggregators that pre-selected the handiest information apps for business travelers (weather, exchange rates, local news, etc.). Then itinerary management technology was introduced, enabling travelers to access up-to-date information on all their travel arrangements from a single app. Mobile check-in and flight status alerts were among the features added next. And now, much-awaited program-compliant booking capabilities are being launched. For example, CWT To Go™ has just launched hotel booking, allowing travelers to see their company’s preferred rates, CWT negotiated rates, their previous stays, the most popular properties booked by their colleagues and other information to help them decide and book. Travelers can also access and edit their travel profile from the app, while air and ground transportation bookings are in pilot phases.

This kind of power app is designed to meet demand from both travelers and travel managers, making travelers’ lives easier while keeping them within a managed travel environment for bookings. As CWT noted last year in its report Tap into mobile service: managed travel in the digital economy, most travelers and travel managers consider mobile booking an important or even essential service. According to CWT forecasts, mobile could represent up to 25 percent of online bookings by 2017. As an indication, 51 percent of the most frequent CWT travelers (those who travel at least five times a year) have already adopted CWT To Go.

For most companies, the question is no longer whether they should introduce mobile booking (yes) or even when (now), but how best to do it (with the right app and policy to back it up).

Travelers and travel managers clearly see the many benefits of mobile technologies.

For surveyed travelers, convenience and ease of use are the top two benefits of mobile technology services.

For travel managers, the positive impacts include traveler satisfaction, ease of doing business and productivity.

“Smartphones have entirely disrupted travel management. Travelers now have access to data that previously remained in the hands of their travel managers or booking agents.”

— Editor, business travel publication
Figure 11  Benefits of mobile technologies according to travelers who rate the impact of their use in managed travel 3+ out of 5

- Convenience: 23%
- Ease of use: 18%
- Relevant information: 13%
- Availability: 11%
- Loyalty program: 8%
- Quality: 8%
- Cost savings: 6%
- Wider choice: 5%
- Innovative: 3%
- Amenities: 3%
- Social: 2%

Total responses: Source: CWT Travel Management Institute (2015) based on a survey of 1,080 travelers

Figure 12  Positive impacts of mobile technology according to travel managers

- Traveler satisfaction: 90%
- Ease of doing business: 74%
- Productivity: 70%
- Reporting: 43%
- Safety: 51%
- Optimization: 51%
- Compliance: 50%
- Data security: 26%

Responses by category (%): Source: CWT Travel Management Institute (2015) based on a survey of 127 travel managers
However, both travelers and travel managers remain concerned about data security/privacy.

Recent cases of high-profile hacking and credit card leaks have highlighted the risks associated with data and the need to keep security measures up to date.

According to our survey, data privacy/security is the top concern for travelers in terms of using mobile services (Figure 13).

Similarly, travel managers note data security as the primary concern, although they expect the impact of mobile to be largely positive (Figure 14).

**Figure 13  Travelers’ concerns about mobile technologies**

![Bar chart showing travelers' concerns](chart)

Source: CWT Travel Management Institute (2015) based on a survey of 1,080 travelers
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If your company does not already have a mobile travel policy, develop one with help from your TMC. CWT Solutions Group, for example, is extending its travel policy and governance recommendations to include digital and mobile opportunities.

Implement a TMC app such as CWT To Go to help travelers avoid app overload, stay organized and book within policy.

Boost usage of your mobile travel app by taking the following steps:
- Ensure travelers have a compatible smartphone or tablet that is secure for use at work
- Raise awareness of the app and what it can do for travelers
- Boost downloads by running a pilot to gather feedback and find out what works/what can be improved and then communicating this to your provider
- Simplify the registration process to prevent travelers from abandoning the app before they even try it
- Monitor active usage and troubleshoot if it is low

Continue to monitor items such as wearable devices and mobile payments for developments in leisure and managed travel.

Figure 14: Travel managers’ concerns about mobile technologies

<table>
<thead>
<tr>
<th>Category</th>
<th>Positive impact</th>
<th>No impact</th>
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<tr>
<td>Data security</td>
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As one of the very first dedicated managed travel apps, CWT to Go™ remains among the most feature-rich on the market, offering itinerary management, flight status alerts, mobile check in, destination information, profile integration and more. In 2015, the latest addition to the app is hotel booking with corporate preferred rates, helping companies to limit the number of reservations made outside preferred channels.

A number of other new features are also under development:

- **Air booking** in pilot
- **Ability for travel arrangers to view travelers’ trips**
- **Ground transportation** in pilot
- **Trip notifications to include security wait time**
- **Door-to-door planning and booking**
- **Ability to capture and report off-channel bookings and spend**

This award-winning app is available to CWT clients for free on iPhone™, iPad™, Android™, Windows Phone™, Blackberry™ and Kindle Fire™ devices.
Customization

One of the most exciting developments in managed travel is the potential for truly tailored insights and services through new technology. In particular, Big Data, social media and IATA's new distribution capability are all offering ways to improve the traveler experience and support travel program objectives.

“Markets of one” are fast becoming a reality for consumers thanks to Big Data capabilities.

Internet users are getting used to products and services that are genuinely tailored to their individual needs, personal profiles and buying behavior. Where customization used to mean sorting clients into segments and tweaking the way those broad groups were approached, it now involves making judicious use of increasing amounts of personal data to consider every customer as a market of one with a unique set of needs and preferences.

In retailing, Amazon has set a gold standard in terms of leveraging data on shoppers’ profiles and purchasing behavior to tailor marketing efforts to individuals and improve their experience (e.g. “Recommended for You” based on the user’s search history). Other online media and advertising companies have followed suit (e.g. Netflix’s viewing recommendations and Google’s targeted advertising), while traditional brick-and-mortar stores are introducing personalized coupons and promotions. Customization is here to stay.

In fact, personalized offers are not only expected but highly effective. In a survey by consulting company Infosys, some 86 percent of consumers and 96 percent of retailers said it had at least some impact on their purchasing decisions. What’s more, almost one third (31 percent) of consumers wanted more personalization in their shopping experience.

In consumer travel, aggregator booking sites are offering increasingly customized features in addition to more basic searches by criteria. For example, Hipmunk allows people to integrate their Google calendars into flight searches, while TripAdvisor posts recommendations based on their individual search history. Meanwhile, airlines, which have always allowed a certain amount of personalization (anything from frequent flyer bonuses and checked bags to vegetarian meals and VIP service), are stepping up their efforts to truly customize packages of ancillary services to travelers.

\(^8\) Source: Infosys, Consumer Attitudes to Personalized Shopping Experiences (January 2014)
Big Data, Massive Growth

The digital universe is doubling in size every two years and should reach 44 zettabytes (44 trillion gigabytes) by 2020, up from 4.4 zettabytes in 2013.

Source: The Digital Use of Opportunities, IDC/EMC (April 2014)

Online brands are exploiting their data on consumers’ preferences and buying habits to increasingly customize their offerings.

- Recommendations based on purchasing histories (e.g. “Customers Who Bought This Item Also Bought”)
- Star ratings for featured content based on the user’s browsing and viewing history
- Recommendations based on viewing histories
- Advertising based on browsing preferences and purchasing history (using data extracted from social media and search engines)
- “Just for you” feature: recommendations based on historical searches and Facebook content
- Searches taking into account the user’s Google calendar

Source: CWT Travel Management Institute
In managed travel, new technology is already making a difference to the level of customization offered to travelers. In particular, booking processes have been simplified by online booking tools and mobile apps that filter or sort the options presented based on previous reservation data and stored preferences. Travelers can also receive alerts, advice and suggestions based on their itinerary and current location.

Big Data, however, takes customization a step further, providing companies with more powerful insights on how their travel programs can best meet the needs of increasingly specific segments of travelers. The data comes from booking and expense management processes, as well as social media and emerging sources such as wearable devices.

Applications include, for example:
- Applying text analytics to comments on a corporate social review site to monitor traveler satisfaction with preferred hotels, property by property
- Analyzing the patterns of frequent travelers to spot ways to reduce the negative impacts of travel
- Translating data into bite-sized insights: highly visual performance indicators with forecasts and recommendations

At the same time, Big Data is being put to good use behind the scenes to provide companies with more powerful insights on the performance of their travel program and how it can best serve the needs of increasingly specific segments of travelers. The data comes not only from booking and expense management processes but also social media, and in the future, other sources such as wearable devices.
Figure 15: How Big Data may be used to customize booking processes in business travel

**Traveler behavior** (previous bookings)
- Capture data on previous bookings (number of trips, destinations, frequency of travel to a specific destination, ancillary services booked, etc.)
- Conduct semantic analysis of search engine and browsing history (travel-related websites and others)
- Collect cookies on relevant websites

**Basic profile** (status and preferences)
- Capture traveler profile data (frequent flyer status, loyalty programs, role in company, personal details, limited set of preferences, etc.)
- Store preferences on dedicated websites
- Integrate databases of commercial suppliers (profiles from credit card providers, loyalty programs from airlines, etc.)
- Capture data from forms submitted through online booking tools

**Example**
Ms. Hayes has traveled to Chicago 50 times using Delta in the last 2 years, systematically booking a seat with extra legroom and staying at the Radisson

Ms. Hayes is automatically offered a room at the Radisson and a Delta seat with extra legroom when she searches for flights to Chicago

Ms. Hayes’s profile indicates she is a member of Delta and Radisson loyalty programs

Source: CWT Travel Management Institute
CWT ANALYTIQS: TURNING BIG DATA INTO BITE-SIZED INSIGHTS

Program reporting can be more powerful, timely and insightful when Big Data is analyzed and presented as bite-sized, highly visual insights in real-time. CWT AnalytIQs aims to do just that, delving deeper into the available data, while allowing users to find the business intelligence they need, quickly and simply.

Due for rollout in the third quarter of 2015, CWT AnalytIQs will offer visibility across the entire traveler continuum, integrating both booked and ticketed data. Analyses can be based on actual program data or be predictive, considering different scenarios to understand their impact (e.g. how redirecting volumes to different airlines will impact the market share of preferred airlines and the potential savings).

Key features include:

- **Real-time IQ** with continuously updated and globally consolidated data allowing action to be taken on transactions immediately after booking
- **Benchmark IQ** to instantly compare results with the rest of CWT’s client base, top performers and a targeted peer group
- **Intuitive IQ** thanks to an easy-to-use interface
- **Community IQ** or the most popular performance metrics among peer companies, providing a collaborative forum for travel managers to share insights
- **Action IQ** recommending actions that can be taken and the quantified value of each

Other insights will be added in 2016, including call center performance; sources of ancillary spending, total travel and entertainment spend; and program leakage, thanks to integrated credit card and expense data. The tool is multilingual and will soon be available globally.
Another enabler of customization will be IATA’s New Distribution Capability.

No travel manager will have missed airlines’ aggressive push to generate extra revenues from ancillary services over the last few years and their success in doing so. Ancillary revenues have grown steadily, reaching a staggering $50 billion in 2014, according to industry estimates.  

**Figure 16** Ancillary revenue growth by year

![Ancillary revenue growth by year](image)

Source: IdeaWorksCompany/CarTrawler (2014)

Seen more positively from the buyer’s side, airlines have been making moves to provide more transparency and convenience to customers through different packages — either sold separately, bundled with fares or even offered as subscriptions (e.g. lounge access or extra legroom).

**Figure 17** Ancillary product development

![Ancillary product development](image)

Source: CWT Travel Management Institute

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Our survey shows that travel managers recognize the positive impact of ancillary services on traveler satisfaction, productivity and ease of doing business.

**Figure 18 Positive impacts of ancillary products**

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</tbody>
</table>

% responses by category

Source: CWT Travel Management Institute (2015) based on a survey of 127 travel managers

IATA’s new distribution capability (NDC) should enable airlines to go a step further in customizing and selling services for individual travelers. The technology should also help companies to track spend on ancillary items.

This is important when more companies are seeking visibility on their total air spend (beyond airfares) and including ancillary spend in their negotiations with airlines.10

“TMCs are where all the information is. They get data from their suppliers and share it with their clients. They are in the perfect place to analyze data and turn it into insights.”

— Research director, U.S.

10 Source: CWT Travel Management Institute, *Mastering the maze: a practical guide to air and ground savings* (2012)
1. What is it?

IATA’s new distribution capability (NDC) is an open technical standard developed to transform the way air inventory is sold to customers. The aim is to provide buyers with transparent access to full content, including customized packages of ancillary products and services based on travelers’ preferences. Launched in 2012, NDC has undergone several pilot phases and is due for live implementation starting in 2016.

2. What will change?

Today, airlines offer their inventory through their own sales channels and global distribution systems (GDSs). This inventory may vary with the distribution channel: in particular, ancillary offerings and certain promotional offerings may only be available directly from airlines. By 2016, the new NDC shopping interface will allow any stakeholder (GDS, travel agency or other third party) to receive the same offerings. It will also enable clients to receive customized packages based on personal information submitted voluntarily.

3. What are the potential benefits for corporate clients?

The benefits for corporate buyers and travelers could include:

- A more transparent shopping experience, with full content available through preferred booking channels
- The ability to book ancillary products and services at the same time as airfares, as well as benefit from customized packages and special offers
- Easier tracking of total air spend, including ancillary fees, resulting in a more accurate view of spending for improved leverage in negotiations with preferred airlines

4. What are the potential concerns?

Several concerns have been raised by key stakeholders:

- Data privacy. One question is whether the additional information required to create a personalized offer for a traveler could be seen as an invasion of privacy.
- Impact on fares. Some stakeholders have argued that NDC could result in less transparency and higher fares, since airlines will have the ability to tailor their offerings based on who is asking for information.
- Costs and complexity. Numerous questions have been asked about who will pay for the infrastructure that must be built and the changes in business processes required to support the NDC model.

5. What’s the next step?

So far, more than 20 airlines, technology providers and aggregators have been involved in test pilots, while stakeholders from across the industry, including the Global Business Travel Association (GBTA), have weighed in with IATA through various forums. In addition, a coalition of national travel agent associations is currently collaborating on a study into the impact on travel agencies and ways to ensure clients’ needs are met. For 2015 and 2016, IATA’s stated goal is to support airlines, travel agents, global distribution and IT providers in their adoption of the NDC standard. CWT is exploring ways to participate in pilots in a measured and meaningful way that represents clients’ best interests.
Social media is another driving force for customization.

Consumers rely on ever more available digital word of mouth — social reviews and ratings provided mostly by people they have never met. Taking TripAdvisor as an example, the total number of reviews available on the site has been growing exponentially, reaching an estimated 150 million in 2014, while reviews on Foursquare have reached a smaller but still impressive 55 million (Figure 19).

**Figure 19** Growth in social media reviews

<table>
<thead>
<tr>
<th>Year</th>
<th>Total number of reviews on TripAdvisor</th>
<th>Total number of reviews on Foursquare</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>2008</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>2011</td>
<td>50</td>
<td>15</td>
</tr>
<tr>
<td>2013</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>2014</td>
<td>150</td>
<td>45</td>
</tr>
<tr>
<td>2015</td>
<td>225</td>
<td>55</td>
</tr>
</tbody>
</table>

Source: TripAdvisor.com/press

Source: Foursquare.com/blogspot
According to Google, one-third of travelers have posted reviews online of places they have been. Another survey indicated that 81 percent of travelers find hotel reviews important, 46 percent post their own reviews and 49 percent won’t book a property without reviews.

Companies have been eager to promote sharing between employees and other trusted sources, especially by setting up in-house corporate social media such as Yammer and Chatter.

In managed travel, TMCs have taken this idea and applied it to travel programs by creating dedicated sites for a company’s employees to share opinions on preferred suppliers (e.g. CWT Hotel Intel, which is now available on mobile via CWT To Go). This type of service not only gives travelers a voice but helps them to make choices that suit their needs. The reviews and rating data can also be analyzed to provide frontline feedback on supplier performance in terms of traveler satisfaction, quality of service, location and other aspects.

“TMCs are able to collect massive amounts of data and are in a position to build travel services that precisely match travelers’ wishes.”

— Travel procurement and policy manager, France

11 Source: Google Insights, “5 Stages of Travel” (2012)
12 Source: Olery “The Naked Truth About Hotel Reviews” (July 12, 2012)
CWT HOTEL INTEL: SOCIAL HOTEL REVIEWS TO HELP BOTH TRAVELERS AND TRAVEL MANAGERS

Social reviews are channeled to provide insights both to travelers and their travel managers with CWT Hotel Intel, part of the CWT Hotel 360° suite of services.

This private online hotel directory enables a company’s employees to share reviews of preferred hotels with each other rather than consult public review sites, which can contain fake postings. The tips can encourage travelers to book within policy, since only preferred properties are listed. They can also be useful for travel managers to monitor traveler satisfaction with the hotel program.

In addition, companies can subscribe to an enhanced version that can provide a “sentiment analysis” dashboard, among other features. This dashboard is based on an automated analysis of satisfaction ratings and comments, paying particular attention to the best and worst feedback. The data (e.g. on room quality, staff, cleanliness and food, with a breakdown by geographic area or business unit) can help travel managers to ensure that travelers’ needs are being met by the properties in the program.

Initial feedback has been very positive. For example, one global client found that six months after implementing the tool, 90 percent of its 25,000 travelers had recommended hotels to their colleagues.
Data security remains a concern, but users seem to accept the trade-off.

Some travelers are concerned about data security when it comes to customized or “contextualized” offers — no doubt wondering about their privacy and how safe they are from problems like identity theft and credit card hacking. In our survey, data security is the top concern of travelers who have used customized offers.

**Figure 20** Travelers’ concerns about customized offers

<table>
<thead>
<tr>
<th>Concern</th>
<th>Total Responses (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data security risks</td>
<td>24%</td>
</tr>
<tr>
<td>Higher costs</td>
<td>21%</td>
</tr>
<tr>
<td>Safety and security issues</td>
<td>16%</td>
</tr>
<tr>
<td>Quality of product/service</td>
<td>15%</td>
</tr>
<tr>
<td>Trip disruption</td>
<td>11%</td>
</tr>
<tr>
<td>Loyalty programs</td>
<td>7%</td>
</tr>
<tr>
<td>Lower productivity</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute (2015) based on a survey of 1,080 travelers

Some travel managers also share their concerns, although they are more apprehensive of the effects on program compliance and optimization. Even so, their view of contextualized offers is positive overall.
Most travelers are aware of these risks and are prepared to make the necessary trade-off of giving some personal information and agreeing to browser data being used by a company in return for getting more convenient service. In their view, convenience is the main benefit of customized services (Figure 22).

“Gathering and analyzing traveler data is a major challenge for us. We have to adapt to the available technologies to meet travelers’ expectations for automated booking processes, stored preferences, etc.”

— TMC director, Belgium
Travelers ranked customized offers third in the list of top technologies and services they most wanted in their travel programs, after ancillary services (ranked first) and mobile apps (ranked second). (See Figure 23.)
For their part, most travel managers (91 percent) say Big Data will make a large impact on their travel programs (3+ rating). They also expect ancillary services and contextualized offers to move to the forefront of travel management (87 percent and 68 percent respectively).

Further, they see their TMCs as playing a key role in all of these areas (customized services, ancillary services and Big Data).

“Customization is definitely one of the massive trends that will disrupt the corporate travel industry in the years to come.”
— Editor, business travel publication
**Figure 24** Travel managers’ ratings of the impact of Big Data, ancillary services and customized offers (trends ranked #2, 3 and 6 for importance)

Source: CWT Travel Management Institute (2015) based on a survey of 127 travel managers

**Figure 25** Main program areas in which travel managers expect TMC support (for Big Data, ancillary services and customized offerings)

Source: CWT Travel Management Institute (2015) based on a survey of 127 travel managers
TIPS AND CONSIDERATIONS

- Keep an eye on developments in IATA’s new distribution capability. Ask for updates from your TMC and other partners, and consider how best to address ancillary fees in your travel program. As ancillaries become easier to purchase, it is even more important to collect and analyze spending data, which can be used to update your policy and negotiate with suppliers.

- Consider making social media part of your travel program. In particular, social reviews can be helpful to travelers and encourage them to book at preferred hotels. They can also help you determine how well your program is meeting travelers’ needs.

- Consider how to update your program to introduce more customization. A basic roadmap starts with identifying the type and sources of data required to get a better picture of travelers’ needs (see Figure 26).

- Work with trusted partners to identify available data sources and how these can best be consolidated and analyzed. TMCs have longstanding experience in this area and can suggest customized travel solutions based on this data.

---

**Figure 26** Roadmap for customized offers

1. **Identify key travel needs**
   - Automatic pre-selection of preferred suppliers, ancillary services, recommendations, etc.
   - Survey shows travelers like Ms. Hayes would love their airline, hotels and legroom options to be stored and used.

2. **Capture data**
   - Relevant types (previous booking behavior and sources, TMC booking data, expense reports, etc.)
   - This data can be retrieved from her booking history (extra legroom) and loyalty programs (Delta/Radisson).

3. **Build traveler profiles**
   - Individual travelers or traveler groups (e.g. road warriors)
   - Ms. Hayes’s profile indicates she flies Delta, stays at the Radisson and needs extra legroom.

4. **Provide customized offers**
   - Services matched to identified needs
   - Ms. Hayes is automatically offered Delta, Radisson and extra legroom.

*Source: CWT Travel Management Institute*
The sharing economy

Companies should not ignore the sharing economy. As brands adapt their offerings to the managed travel market, barriers to use in managed travel are coming down.

Sharing economy services are likely to gain in popularity. This is just the beginning.

In barely half a decade, the sharing economy has made a deep impact on the lodging and ground transportation industries, while revolutionizing users’ habits. With its motto “access trumps ownership,” the sharing economy refers to individuals renting things they need from other individuals through technology-based networks that facilitate transactions. New forms of rental are springing up in all kinds of areas, from bedrooms and cars to garage space and accommodation for pets. This is not a fad but a robust trend that is transforming society and business models, much like Facebook and Twitter before it.

Figure 27 Examples of sharing economy players and offers

<table>
<thead>
<tr>
<th>Taxis</th>
<th>Cars</th>
<th>Private jets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uber</td>
<td>Car pooling services</td>
<td>Seats on private jets at discounted prices</td>
</tr>
<tr>
<td>Lyft</td>
<td>Car rental between individuals</td>
<td></td>
</tr>
<tr>
<td>SnapCar</td>
<td>Rental of travelers’ cars left at airports</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>Office sharing</td>
<td></td>
</tr>
<tr>
<td>Rental of private accommodation</td>
<td>Empty offices and meeting spaces</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office sharing</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Meals in a host’s home</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
Among the most well-known, Airbnb (founded in 2008) is now valued at $15 billion to $20 billion depending on the sources, while Uber (founded in 2009) is estimated at $40 billion to $50 billion, making it one of the 150 largest companies in the world.\textsuperscript{13} Given their more mature business offerings, these two companies are the primary focus of this section.

\textbf{Figure 28} Airbnb and Uber highlights

\begin{tabular}{|c|c|}
\hline
\textbf{Airbnb} & \textbf{Uber} \\
\hline
Listings in 190+ countries\textsuperscript{●} & Operations in 227 cities\textsuperscript{●} \\
More than 25 million guests\textsuperscript{●} & 57 countries worldwide\textsuperscript{●} \\
10\% of bookings are made by business travelers\textsuperscript{●} & 90\% of passengers are picked up within 10 minutes\textsuperscript{●} vs. 30-40\% for traditional taxis \\
57\% savings on average on Airbnb room bookings vs. hotel rooms in NYC (or 27 \% for flat rentals)\textsuperscript{●} & uberX option is up to 40\% cheaper than a taxi\textsuperscript{●} \\
\hline
\end{tabular}

Sources:
- Airbnb.com
- Priceonomics, “Airbnb vs. hotels: a price comparison” (June 17, 2013)
- Uber.com
- UC Berkeley working paper, “App-based, on-demand ride services: comparing taxi and ride sourcing trips and user characteristics in San Francisco” (August 2014)

Whether they like it or not, companies should be mindful that corporate travelers are probably already using these services. According to Fortune Magazine, the number of transactions captured by one large expense management company in its expense reporting tool multiplied by five for Uber taxi services and by 27 for Airbnb rentals over a year.\textsuperscript{14}

All the signs lead to further growth in managed travel, particularly in ground transportation. According to our survey, 43 percent of travel managers consider the sharing economy an important trend in this area, and 31 percent for sharing economy accommodations.

\textsuperscript{13} Source: TIME Magazine, “Baby you can drive my car and stay in my guest room. And do my errands and rent my stuff. My wild ride through the new on-demand economy” (July 2014)

\textsuperscript{14} Source: Fortune Magazine, “Uber and Airbnb are complicating corporate expense reports” (July 29, 2014)
As could be expected, the use of sharing economy services is higher among millennials or “Generation Y” travelers, born between 1980 and the mid-2000s. Twice as many of these travelers have used sharing economy services for business travel, and more have used them for ground transportation than for accommodation.

“New business models based on peer-to-peer transactions have already revolutionized the leisure travel industry and will certainly also revolutionize business travel”

— Journalist, business travel magazine, France
A number of factors are driving this growth. In particular:

- **Cost.** It is no coincidence this business model sprang up during the global economic crisis, offering new revenue streams to sellers and often cheaper services to buyers. While the economy has now turned the corner, the cost focus of recent years has left a durable trace.

- **Supply and demand dynamics.** Airbnb started up in the San Francisco market, where accommodation is notoriously in short supply. Similarly, the idea for Uber is said to have come to its Silicon Valley founder as he was trying to find a taxi in Paris rush hour.

- **Convenience.** Technology and social media have provided a catalyst for the sharing economy. Uber’s location-based app allows users to order an immediate pick-up from a simple mobile app, while both passengers and drivers can leave ratings on their experience to share with others. In comparison, competing apps launched by traditional taxi services have not always been well received in terms of user-friendliness.

- **A custom experience.** As discussed earlier (Pages 23-39), users expect increasingly customized experiences, whether in terms of technology interfaces or the actual products and services offered. Although the more personal “home-from-home” Airbnb experience is not necessarily a key selling point for business people who want convenience above all, we should not forget the growing “bleisure” (business + leisure) travel trend.

- **Tailored business offerings.** The major sharing economy brands have taken note of the managed travel niche and are starting to tailor their offerings.

- **Sharing economy brands are adapting their offerings to managed travel.**

A number of new features are making it easier for companies to integrate sharing economy options into their programs, based around billing, reporting and expense management:

- **Direct billing.** For example, Uber for Business offers direct billing, along with different electronic payment methods.

- **Reporting data.** Both Uber and Airbnb offer access to spending data, and Uber offers full details on individual trips.

- **Integrated expense management.** Concur’s TripLink solution enables travelers to book Airbnb properties directly and have their expense reports pre-populated with basic data.

- **Integration with airlines.** Uber has partnered with companies such as United Airlines so that travelers may book ground transportation within the same app. While this does not necessarily help keep travelers within a managed travel booking environment, we can imagine greater integration with managed bookings in the future.

---

15 Source: A CWT survey in *Room for savings: optimizing hotel spend* (2009) showed that a convenient location ranks above all other features for travelers choosing a hotel. Similarly, convenience is the most important feature of booking tools for travelers.
While legitimate, safety and security concerns should be put into perspective.

One of the biggest barriers to more widespread adoption by business travelers is the perception that safety and security risks may be higher in the sharing economy than classic travel solutions. This is the primary concern for surveyed travelers who have tried sharing economy travel solutions.

This concern is even more marked among travel managers.
Faster, smarter, better? Emerging technologies and trends and their impact on managed travel

**Figure 32** Travelers’ concerns over sharing economy providers

<table>
<thead>
<tr>
<th>Concern</th>
<th>Total Responses (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety and security issues</td>
<td>27</td>
</tr>
<tr>
<td>Quality of product/service</td>
<td>29</td>
</tr>
<tr>
<td>Trip disruption</td>
<td>23</td>
</tr>
<tr>
<td>Data security risks</td>
<td>19</td>
</tr>
<tr>
<td>Higher costs</td>
<td>13</td>
</tr>
<tr>
<td>Loyalty programs</td>
<td>13</td>
</tr>
<tr>
<td>Lower productivity</td>
<td>13</td>
</tr>
<tr>
<td>Safety and security issues</td>
<td>15</td>
</tr>
<tr>
<td>Quality of product/service</td>
<td>15</td>
</tr>
<tr>
<td>Trip disruption</td>
<td>20</td>
</tr>
<tr>
<td>Data security risks</td>
<td>10</td>
</tr>
<tr>
<td>Higher costs</td>
<td>8</td>
</tr>
<tr>
<td>Loyalty programs</td>
<td>5</td>
</tr>
<tr>
<td>Lower productivity</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Concern</th>
<th>Total Responses (%)</th>
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<tbody>
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<tr>
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</tr>
<tr>
<td>Trip disruption</td>
<td>23</td>
</tr>
<tr>
<td>Data security risks</td>
<td>19</td>
</tr>
<tr>
<td>Higher costs</td>
<td>13</td>
</tr>
<tr>
<td>Loyalty programs</td>
<td>13</td>
</tr>
<tr>
<td>Lower productivity</td>
<td>13</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute (2015) based on a survey of 1,080 travelers

**Figure 33** Travel managers’ concerns about sharing economy

<table>
<thead>
<tr>
<th>Concern</th>
<th>Total Responses (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traveler satisfaction</td>
<td>31</td>
</tr>
<tr>
<td>Productivity</td>
<td>45</td>
</tr>
<tr>
<td>Ease of doing business</td>
<td>29</td>
</tr>
<tr>
<td>Optimization</td>
<td>28</td>
</tr>
<tr>
<td>Compliance</td>
<td>37</td>
</tr>
<tr>
<td>Reporting</td>
<td>28</td>
</tr>
<tr>
<td>Safety</td>
<td>31</td>
</tr>
<tr>
<td>Data security</td>
<td>43</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute (2015) based on a survey of 127 travel managers
These concerns are legitimate when the market is used to certain assurances from established brands and the media has publicized incidents ranging from road accidents to fraudulent requests for payment and credit card billing errors. A number of legal battles have also drawn negative coverage.

However, these issues should be put into perspective. Each sharing economy brand has its advantages and disadvantages (see Figures 34-35) but providers and legislators are working to reassure people and offset the risks.

In particular:
- Around the world, local laws have been passed on car sharing, placing the responsibility for insurance on the shoulders of brands and their insurers.
- The sharing economy model enables users and providers to share ratings and information on their experiences as a way to self-regulate.
- Brands also provide guidelines to users to help them avoid fraud, while tackling reported complaints efficiently to exclude offenders.

Figure 34  Uber benefits and considerations for corporate travelers and travel managers

<table>
<thead>
<tr>
<th>Benefits</th>
<th>For travelers</th>
<th>For travel managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>+ + +</td>
<td>+ +</td>
</tr>
<tr>
<td>Higher availability than traditional taxi services</td>
<td></td>
<td>Easy access to reporting and statistics on taxi usage by business travelers</td>
</tr>
<tr>
<td>Geolocalization of drivers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct billing to company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality and consistency</td>
<td>+ +</td>
<td>+</td>
</tr>
<tr>
<td>Background checks of drivers and vehicles</td>
<td></td>
<td>Often lower prices than traditional taxis, except high-demand “surge pricing”</td>
</tr>
<tr>
<td>Automated review system</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Considerations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety issues</td>
<td>-</td>
<td>Recently publicized incidents have raised concerns about safety</td>
</tr>
<tr>
<td>Evolving regulation</td>
<td>-</td>
<td>Regulatory issues in some markets could cause disruption</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
As the available offerings develop, whether or not companies are comfortable integrating sharing economy offerings into their programs ultimately depends on their culture. More traditional, risk-averse companies may decide that the risks outweigh the benefits, while others have already embraced the trend.

**Figure 35 Airbnb benefits and considerations for corporate travelers and travel managers**

<table>
<thead>
<tr>
<th>Benefits for travelers</th>
<th>Benefits for travel managers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personalized experience</strong></td>
<td></td>
</tr>
<tr>
<td>- Variety of options</td>
<td></td>
</tr>
<tr>
<td>- &quot;Bleisure&quot;/&quot;feel at home&quot; aspect for long trips</td>
<td></td>
</tr>
<tr>
<td><strong>Lower costs</strong></td>
<td></td>
</tr>
<tr>
<td>- Airbnb business model typically offers lower prices than hotels</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safety and quality</strong></td>
</tr>
<tr>
<td>- Quality of service, consistency and security</td>
</tr>
<tr>
<td><strong>Inconvenience</strong></td>
</tr>
<tr>
<td>- Time-consuming selection of trustworthy offers</td>
</tr>
<tr>
<td>- Additional logistics (e.g. keys and meals)</td>
</tr>
<tr>
<td><strong>Hotel program cannibalization</strong></td>
</tr>
<tr>
<td>- Risks of lowered discounts from approved hotels if volumes decline</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute
CASE STUDY

Global company opens up its travel program to alternative lodgings

A large technology company noticed from its expense data that a small but growing percentage of its travelers were using Airbnb-type alternatives to hotels. Usage was particularly concentrated on San Francisco, London, New York and other high-occupancy markets where room availability can be a challenge. Travelers clearly saw sharing economy accommodation options as appropriate for their needs, so the company wanted to explore whether it should formally offer this option to them.

Safety and security appeared to be the main barrier to including these types of suppliers in the travel program. After carefully weighing the pros and cons, the company decided that many of the perceived risks (e.g. hotel security breaches) were also present with existing suppliers. It worked with Airbnb to capture booking data and feed it to International SOS for tracking purposes to enhance the level of assurance provided.

As a result, the company updated its policy to include Airbnb as an option, communicating the change to employees in the spring of 2014 via a company group travel page. While Airbnb still accounts for a fairly low percentage of the company’s total hotel spend (typically less than 1 percent), employees benefit from additional lodging choices when they travel.

“Leisure travel suppliers are gaining traction on the business travel market. Alternative accommodation solutions such as private flat rentals or car sharing are becoming more popular among corporate travelers.”

— Editor-in-chief, business travel publication, U.S.
TIPS AND CONSIDERATIONS

Since the sharing economy cannot be ignored, companies need to make sure they are asking the right questions:

- How often are our travelers using sharing economy sites/apps and in which markets?
- Is the level of spend enough to impact our volume commitments with preferred hotels or ground transportation suppliers?
- Is our corporate culture amenable to offering this kind of alternative option to travelers?
- If so, which providers meet our requirements in terms of quality, safety and security, reporting and legal compliance? What is their liability if an incident occurs?
- Should our travel policy be updated to make our position on sharing economy providers clear?
- What are the logical uses for different providers?
  - Uber/other ride-sharing services: as an exceptional or everyday alternative to current ground transportation options (taxis/limousines)?
  - Airbnb: as an alternative to hotels in specific circumstances:
    - Extended stays (cheaper than extended stay hotels)?
    - Apartment/house sharing (e.g. turnkey, longer-term projects in remote locations)?
    - To lower costs and secure availability in specific locations (e.g. San Francisco and New York)?
    - To combine business + leisure (e.g. staying the weekend following a business trip)?
- What kind of support can we get from our TMC and other partners?

CWT can help companies to tackle this issue in a variety of ways. For example, CWT Solutions Group has created data-matching models to provide visibility on how an organization’s travelers are using sharing economy suppliers and how much they are spending, before identifying opportunities to integrate selected suppliers into the travel program. CWT can also provide support with tracking booking data (e.g. through the CWT To Go app), improving program performance (e.g. through CWT AnalytIQs) and updating travel policies.
New booking solutions

Travel managers are increasingly interested in fare and rate tracking technology that enables them to generate even more savings from their programs. They are also looking for technology-based, proactive rebooking services to assist employees who face trip disruptions.

Companies are interested in exploring fare tracking and rebooking technology to drive savings.

As with many other trends and technologies reviewed in this study, fare tracking started in the consumer travel market (e.g. Hipmunk and Kayak for pre-booking tracking) before moving into managed travel. Here, the main use is post-booking tracking and rebooking if prices go down enough to warrant it. Starting from a fledgling technology launched in 2007 by Seattle-based Yapta and piloted by a few forward-thinking clients, price tracking and rebooking solutions have grown in popularity among corporate travel managers. Testifying to this success, numerous competitors have sprung up not only in the airfare space but also in hotel rates.

HOW DOES FARE TRACKING AND REBOOKING WORK?

The idea behind fare tracking and rebooking solutions is simple: to monitor price fluctuations after a booking is made and alert travel counselors if a change in price is large enough to make rebooking worthwhile. This combination of automated technology and human intervention ensures that everything happens behind the scenes without disrupting travelers or their plans. Travelers keep the same travel arrangements while benefitting from lower prices (after deducting change fees). When designed for managed travel, these solutions take into account the company’s program parameters to promote compliance.

In the United States, one of the best cost-savings opportunities is the 24-hour “void window” when air tickets can be changed or cancelled without penalty. If a booking is made on a Friday, this window is extended over the weekend, granting a few extra days.

Importantly, the system does not just look at airfares or room prices but the costs involved in changing arrangements, which can be high. Rebooking only takes place if savings are the net result. Detailed reporting highlights the exact amount saved per booking.
**Figure 36** Example of fare tracking and rebooking solutions for airfares and hotel rooms (Yapta)

<table>
<thead>
<tr>
<th>How it works</th>
<th>FareIQ™</th>
<th>RoomIQ™</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfares</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>Hotel rates</td>
<td>X</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>TMC integration</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Savings claims</td>
<td>Net Avg. $260 per ticket</td>
<td>Net Avg. $109 per stay</td>
</tr>
</tbody>
</table>

Source: Yapta.com

**Figure 37** Expected impact of fare tracking on managed travel programs

<table>
<thead>
<tr>
<th>Impact</th>
<th>Travel managers (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6%</td>
</tr>
<tr>
<td>2</td>
<td>13%</td>
</tr>
<tr>
<td>3</td>
<td>26%</td>
</tr>
<tr>
<td>4</td>
<td>25%</td>
</tr>
<tr>
<td>5</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: CWT Travel Management Institute

Considering that companies already negotiate significant savings through preferred supplier programs, this solution assures clients they are always getting the best rates — as long as they continue to meet their volume commitments on preferred prices.

The large majority of surveyed travel managers (81 percent) say fare tracking will make an impact over the next five years, with most predicting it will be high. This result is unsurprising when 62 percent of travel managers surveyed by CWT at the end of 2014 said they would be making a high priority of deploying fare tracking and rebooking solutions in 2015.16

16 Source: CWT, Travel Management Priorities for 2015 (January 2015)
Trip disruption and rebooking services are growing in popularity.

Traveler managers are also keenly aware of the impact flight disruptions can have on traveler stress and productivity, and they are looking for solutions that alert travelers and offer convenient rebooking to help them get back on track.

Following a successful client pilot, CWT is launching CWT Trip Disruption to assist travelers during their journeys. Scheduled to launch in the United States in the third quarter of 2015, this offering includes 24/7 live support. A dedicated team of expert counselors will proactively monitor travelers’ itineraries and identify disruptions, such as cancellations, missed connections, diversions and delays, before offering support to travelers on the go. Any impacted travelers will receive an alert with a suggested solution or a dedicated number to reach a travel counselor. This kind of solution reassures both travelers and the companies that are responsible for their well-being during business trips, and helps remind travelers of the value of their managed travel program.

"Virtual card numbers (VCNs) are being embraced by forward-thinking travel management companies, which are also investing in their own technology platforms to facilitate seamless booking, payment and reconciliation processes. At the same time, banks are unifying their approach to VCN technology, offering the prospect of a truly global solution. There is no doubt the technology will become the de facto standard in business travel payments."

— CEO, global payment technology company
Direct booking is on companies’ radar but not considered the most impactful trend.

Overall, surveyed travel managers consider the impact of direct booking, or buying directly from travel suppliers, lower than average (see Figure 5 on Page 12). Having said that, the debate continues over open booking or new tools that bypass TMC booking channels, and the implications for managed travel as new technologies and systems evolve.

In a previous report Where now for managed travel? “Rogue” spend, new booking technologies and the future of travel programs (2010), CWT conducted in-depth research about the issues associated with direct/open booking. These have not changed:

- A greater instance of travelers booking outside policy
- Safety and security concerns
- Weakened leverage in supplier negotiations
- Increased costs associated with unused tickets and ancillary fees
- Less flexibility and service for travelers

The study indicated that by implementing a latest-generation online booking tool combined with an itinerary management app, companies could continue to promote program compliance while picking up data on spend outside the authorized channels. At the moment, no other approach has proven to match the value of holistic end-to-end managed travel programs, which are still highly relevant given the challenges facing travel managers today. And while clients are monitoring developments in this arena, they have become more focused on other booking trends, such as fare tracking.

TIPS AND CONSIDERATIONS

When assessing whether fare tracking and flight disruption services would be a useful addition to your program, consider the following questions:

- Are many of your travelers impacted by flight delays or other disruptions?
- Are you looking for ways to make incremental savings on a mature travel program?
- Are you updating your program to be more traveler-centric than transaction-focused?
**New payment solutions**

Travel managers are also evaluating new payment solutions that help simplify processes, reinforce program compliance and protect against fraud.

**Consumer mobile payment technology is making significant strides.**

In 2013, banks handled $410 trillion in non-cash transactions and this figure is expected to reach an estimated $780 trillion by 2023. These transactions are slowly shifting to mobile — a trend that will continue with the advent of wearable technology, growth in smartphone usage and the expansion of merchant payment infrastructure.

Coca-Cola was an early tester of consumer mobile payments in 1997 when it introduced vending machines that let customers pay by sending a text message at a premium rate. Since then, a variety of mobile solutions have developed, including mobile banking apps, online wallets such as PayPal accessed through apps or browsers, payment through quick response (QR) codes, and most recently, contactless solutions such as Apple Pay where mobile phones are simply waved at terminals to deduct money from a prepaid account. The key questions are: Where is the mobile payment market now? And what should we expect?

Apple expects the 100M+ iPhone 6 devices shipped to date to drive adoption of its Apple Pay mobile wallet solutions. In countries around the world, banks have started issuing compliant cards to enable consumers to use Apple Pay and competitors like Google Wallet and Samsung’s LoopPay, although the situation varies between countries. In the United States, Apple Pay is compatible with all the major credit and debit cards including Visa, MasterCard and American Express. Meanwhile, in China, the world’s largest smartphone market, Apple is in talks with Chinese banks, as well as e-commerce giant Alibaba Group.

The shift to mobile payments in managed travel will be largely dependent on consumer behavior, the adoption of corporate credit cards and an increase in the merchant network and terminals that support the technology. There are some barriers for merchants, such as mobile payments often requiring an expensive upgrade in technology without a reduction in fees, or hoteliers losing transaction data from travelers charging a service to their room and paying at checkout. In this last case, hoteliers will need to identify how they can best capture all the data on customers’ mobile spend.

While about half of mobile users are comfortable using their phones for banking, only 13 percent have used their devices to pay at a restaurant or store. However, with forces such as Apple and Google driving mobile wallets, this new trend is likely to take off sooner rather than later.

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17 Source: BCG Perspectives, “Global Payments 2014: Capturing the Next Level of Value” (September 17, 2014)
18 Source: Nearfieldcommunication.org
19 Source: Statista.com
New “virtual credit card” solutions are expected to take off.

New single-use “virtual credit cards” have entered the travel space over the past 18 months or so, offering a new way for travelers to settle travel expenses while their companies collect and reconcile expense data more easily. Through this system, TMC booking channels generate a unique 16-digit card number and 3-digit security code for each use linked to the client’s central payment account. Like the lodge cards used to pay airlines, these “virtual credit cards” dispense with the need for travelers to pay expenses up front and claim them back. The difference is that this central payment system can be used with for a wider variety of suppliers, including hotels and low-cost carriers.

The fact that virtual cards are generated at the point of sale (currently a call to a TMC travel counselor) encourages travelers to book through the preferred channels. Program compliance can also be boosted by specifying specific uses (e.g. for hotel room nights with breakfast included).

This kind of solution offers various benefits:

- **Providing an alternative to corporate credit cards** for team members who might not normally receive one (temporary staff, contractors and infrequent travelers)
- **Encouraging bookings through preferred channels and in compliance with the travel policy**, helping to control spend while meeting safety and security requirements
- **Helping to cut down on fraud, loss and theft** through the ability to control credit limits and validity dates, and the need to book through TMC channels
- **Making post-trip reconciliation more efficient** by creating a unique credit card number for each booking on a centrally managed and paid virtual card account
- **Adding more volume to a corporate card program**, increasing the potential for rebates.

More than two-thirds (69 percent) of surveyed travel managers expect these new virtual payment solutions to make an impact on their programs over the next five years. Implementing virtual payments was also highlighted as a top priority for 2015, according to a third of travel managers surveyed by CWT at the end of 2014.21 These results echo a recent GBTA Foundation finding that most surveyed travel buyers in the U.S. were interested in virtual card solutions or were already using them.22

Opinions vary between regions, reflecting differences in existing payment methods and market conditions. In particular, European travel managers consider virtual cards more important, given the more widespread practice of hotel “billbacks” or invoices sent to clients through the TMC, which becomes more efficient and manageable globally with virtual payment.

Surveyed travel managers expect corporate virtual card payments to make more of an impact in Europe, Middle East and Africa than North America.

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21 Source: CWT, Travel Management Priorities for 2015 (January 2015)
22 Source: GBTA Foundation, Virtual Account Payment Solutions (July 2014)
TIPS AND CONSIDERATIONS

- When assessing whether a virtual credit card would be a useful addition to your program, consider the following questions:
  - Do you have travelers who are not equipped with a corporate card (e.g. those in certain countries or certain segments, such as infrequent travelers)?
  - Does your program include low-cost carriers or many hotel properties that are not already paid centrally?
  - Do you have concerns about fraud or data loss with your current payment solutions?
  - Are you looking to improve reconciliation processes?

- When implementing any new payment technology, keep in mind the important role of communications in ensuring a smooth transition. Travelers need to understand why and how to use a new system.

Source: CWT Travel Management Institute (2015) based on a survey of 127 travel managers
CASE STUDY

From local pilot to international program: major retailer implements virtual payment cards

A major retailer was eager to find out how virtual payment cards could improve payment and reconciliation processes for its recruitment program.

Like other large employers, the company often flew in candidates and new recruits for interviews or induction programs. Either hotels sent invoices into the company’s accounting department, candidates paid for their lodging upfront and submitted an expense claim, or the company’s recruiters used their own corporate cards and submitted an expense claim.

To explore how virtual payment cards could facilitate processes for everyone involved (candidates, recruiters and accountants), the company decided to set up a pilot study in the United States. Working with CWT and a major credit card company, it found 10 local hotels that were willing to participate.

As expected, the results were positive: simplified reconciliation processes with less error, along with an increase in credit card rebates. Key to this success was training travel counselors and hotel staff to correctly use virtual credit cards to support the travel program, and communicating clearly with everyone involved.

The company has since introduced virtual payment cards throughout the U.S., making the ability to handle these cards a prerequisite for its preferred hotel program. The company is also rolling out virtual payment cards with hotels in Europe. Most recently, it has grown the program even further by rolling it out with a major car rental company in the United States.

“A core requirement for effectively managing corporate travel is data. It is necessary to inform strategy, audit against policy and manage expense accurately. For years we have chased after data and worked to consolidate it from different sources. Now, with virtual cards, we have the right tools for the data we need.”

— Group head, travel and entertainment, global payments and technology company
CONCLUSION
Managing change, managing travel

Change appears to be accelerating in managed travel, with each major technological shift generating further innovation as the industry adapts its expectations and behavior. Much has been said about the consumerization of managed travel and how travelers are adopting new apps and tools inspired by the leisure sector, while catching onto widespread trends such as the sharing economy. It is clear travelers accept change readily when it makes their lives easier, even if they might express some concerns with the unknown, such as the potential impact on data security and privacy.

Similarly, travel managers are open to new ways and means of reaching their objectives, which remain focused on providing employees with cost-effective, efficient and safe service. But they are also cautious. Although new technologies and trends tend to come with the promise of a faster, better and smarter experience for all concerned, they often present challenges at the same time. (Figure 40 on Page 60 suggests a basic framework for travel managers to stay ahead of new technologies and trends).

In our increasingly connected world, working closely with the right partners seems more than ever the right approach. We see proof in every area and at every level of the supply chain, from sharing economy brands such as Airbnb sharing tracking data with emergency service providers, to stakeholders from across the travel industry helping IATA to introduce its new distribution capability for airline inventory.

As always, TMCs not only work alongside corporate clients to provide day-to-day support but they also cooperate with leaders inside and outside the travel industry to advocate changes that can have a positive impact on managed travel programs. CWT, for example, has created a dedicated team to build a community of innovators from all areas of the industry. This team, Corporate Innovation or “Corp-i”, is creating processes to facilitate innovation at CWT, while engaging more widely with entrepreneurs, universities, suppliers and clients to embrace open innovation and drive positive change in travel (see www.cwtinnovation.com).

These are exciting times indeed. As noted in this report, the trends and developments we see today are just the beginning of even better things to come...
**Learn**
- Remember changes can start in different industries and expand into travel (e.g. customized offers)
- Where applicable, monitor your in-house social network for travel-related posts
- Travel trade publications are great resources for staying apprised of new developments
- Attend travel trade conferences, such as BTN and GBTA events
- Make industry trends a part of your regular dialogue with your TMC representative who may have access to additional industry research

**Question**
- Consider the following questions to better understand the implications of new technology on your travel program:
  - How will this impact my travelers? Will it make their lives easier and more productive?
  - Will this increase or decrease travel spend?
  - Will it impact compliance?
  - What about traveler safety and security?
  - What are the operational implications?
  - What will it cost?
  - Are there data security concerns?
- Ask your TMC how to navigate the expected impact and request benchmarking examples

**Assess**
- Ask your TMC for support in consolidating data from different sources (including booking data, expense management systems and credit card providers) to assess the potential impact of a given trend (e.g. analyze expense data to see how many of your travelers are using Uber)
- Map out any operational changes to assess the implications for key stakeholders and systems
- Work with your TMC to develop and explore use cases

**Decide**
- Make an informed decision on whether to include a technology in your travel program
- If so, make sure the guidelines or rules for using it are clear (e.g. sharing economy providers only being allowed in certain high density, higher cost markets)
- Ask your TMC for assistance with policy development

**Communicate**
- Not every trend or technology needs to be included in your travel policy
- In any case, regular communications with your employees will ensure they are aware of your rationale
- Ensure your employees are aware of the key benefits
- Continue to monitor employee feedback and adjust your policy where necessary

Source: CWT Travel Management Institute
APPENDICES

- Breakdown of surveyed travel managers and travelers
- Glossary
Breakdown of surveyed travel managers and travelers

**Figure 41** Breakdown of surveyed travel managers (127 respondents)

- **Country**
  - United States: 39%
  - United Kingdom: 6%
  - Canada: 6%
  - France: 10%
  - Switzerland: 4%
  - Germany: 9%
  - Other: 26%

- **Sector**
  - Financial: 13%
  - Engineering/technology: 9%
  - Energy and utilities: 8%
  - Computer: 8%
  - Automotive: 3%
  - Consulting: 3%
  - Other: 31%
  - Industrial manufacturing: 6%
  - Chemicals: 6%
  - Telecom: 5%
  - Healthcare: 5%
  - Consumer products: 3%
Figure 42: Breakdown of surveyed travelers (1,080 respondents)

- United States: 65%
- United Kingdom: 3%
- Italy: 4%
- Canada: 6%
- Brazil: 3%
- Germany: 3%
- France: 2%
- Other: 14%

Average trips per year:
- 0-2 round trips: 17%
- 3-5 round trips: 28%
- 6-10 round trips: 22%
- 11-20 round trips: 19%
- 21 or more round trips: 14%
Faster, smarter, better? Emerging technologies and trends and their impact on managed travel.
**Glossary**

**Ancillary services**: optional services available at an extra cost (e.g. premium seats, priority boarding, checked or excess baggage for air travel, and breakfast and Wi-Fi for hotel stays)

**Beacons**: very small devices that transmit small packets of data using Bluetooth low energy (BLE) technology

**Billback**: a payment option allowing corporate clients to receive consolidated invoices from their travel management company weekly, bi-weekly or monthly for hotel stays or conference/meetings booked by travelers through travel counselors

**Big Data**: a broad term for data sets so large or complex that traditional data processing applications are inadequate

**Digital payment solutions**: consumer-focused mobile payment technologies (e.g. Apple Pay and Google Wallet) and virtual credit cards (e.g. CWT’s virtual payment solution powered by Conferma)

**New distribution capability (NDC)**: a new standard launched by IATA to transform the way air products are sold to customers, providing transparent access to full content, including ancillary products and services

**Multichannel approach**: providing the same features, business rules and content (air, hotel, car, consumer services) across multiple channels (e.g. enabling a traveler to start a reservation through one channel and modify or cancel it through any other channel without having to start over)

**Near-field communications (NFC)**: wireless technology that enables devices to communicate and activate services

**Power app**: a mobile application that offers numerous key functions in one (e.g. air, ground and hotel booking features in a single TMC app)

**Quick response (QR) code**: a type of two-dimensional barcode

**Sharing economy**: a new business model built on technology-driven social networks that facilitate the exchange of goods and services between individuals

**Virtual credit cards**: a system of single-use card numbers enabling users to charge certain items to their companies (like a lodge card that can be used with a wider number of suppliers, including hotels and low-cost airlines)