white paper

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Traveler Management

How to influence your employees to plan, book and travel smarter

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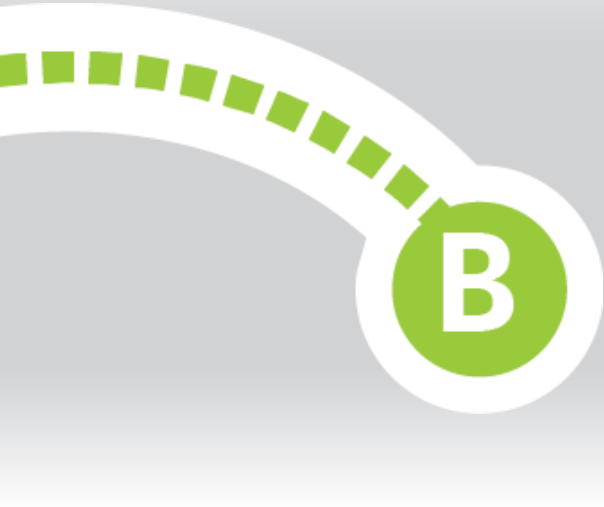

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Summary

What is traveler management?

A company's supplier deals are vital for controlling travel costs. But arguably the company's relationship with its own travelers is even more important, not only for saving money but also for boosting productivity and keeping people safe. We call this relationship traveler management, and how to improve it is the subject of this white paper. Traveler management falls broadly into two areas:

Demand management – *influencing the number of trips travelers take.*

Buying behavior management – *influencing the way travelers plan their trips, how much they spend and with whom.*

What has changed?

Traveler management isn't new but, as we will explain, it is changing – fast. The need to step it up is becoming greater too, for several reasons: Boosting savings beyond supplier deals – companies with mature travel programs are close to maximizing the savings they can gain from suppliers. Now travel managers are looking inside their organizations to find new ways to control costs.

Understanding when the carrot works better than the stick – Travel managers are realizing travelers often make smarter booking and buying decisions if they are persuaded rather than forced to do the right thing for their company.

Changing technologies, changing attitudes – Employees, especially younger ones, are already using newer and better tools to make their personal travel cheaper and easier. Now they are expecting similar improved technology for business travel. That isn't a threat to travel programs. It's an opportunity, because smarter tools will make travelers smarter buyers.

New areas of savings – Better technology is also making it possible to influence travelers to spend smarter on areas of spend that have until now typically been unmanaged – like dining or taxis.

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A new blueprint for new traveler management

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Phase 1 - Plan : Create a better traveler management program

Take a fresh, critical look at your existing travel program from your travelers' perspective. Does it meet their needs by giving them better prices than they could find themselves? Are you giving them the tools and information they need to make the smartest buying decisions? If not, go out and get them.

Then move on to policy. Make sure every line of it is necessary. Remove if not. And re-think the way you talk to travelers: try to "check in" with them, by suggesting how you can help them buy smarter, instead of "checking up" on them.

One way to adopt this new attitude is to re-cast yourself as a consultant to your business, not as a policy gatekeeper. That way, you can broaden your approach to finding savings by advising business units how to reduce trip numbers, especially by encouraging travel alternatives such as tele- and video-conferencing.

In turn, this means creating a new perception of travel in the company as well as of your role. Re-position travel as only one way to bring people together, emphasizing the need to consider those alternatives at all times. Of course, this means you will also need to manage the electronic alternatives, ensuring they are viable for travelers and available when trips are planned.

Try to "check in" with travelers by suggesting how you can help them buy smarter, instead of "checking up" on them

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Phase 2 - Communicate: Sell your travel program

Travel managers are often also called travel buyers. Yet when it comes to traveler management, they are effectively sellers: selling the company's travel program to its travelers. You should therefore introduce sales and marketing techniques which will achieve this goal.

One example is gamification: influencing employees with computer game-like targets and rewards for doing the right thing. Typically, a travel manager will choose to reward improvements in five or six different types of behavior, like buying tickets further in advance or using the approved online booking channel.

More generally, make your traveler communications as eye-catching and professional as a consumer marketing campaign. Deliver messages via mobile platforms and social media as well as more traditional methods.

> Make your traveler communications as eye-catching and professional as a consumer marketing campaign

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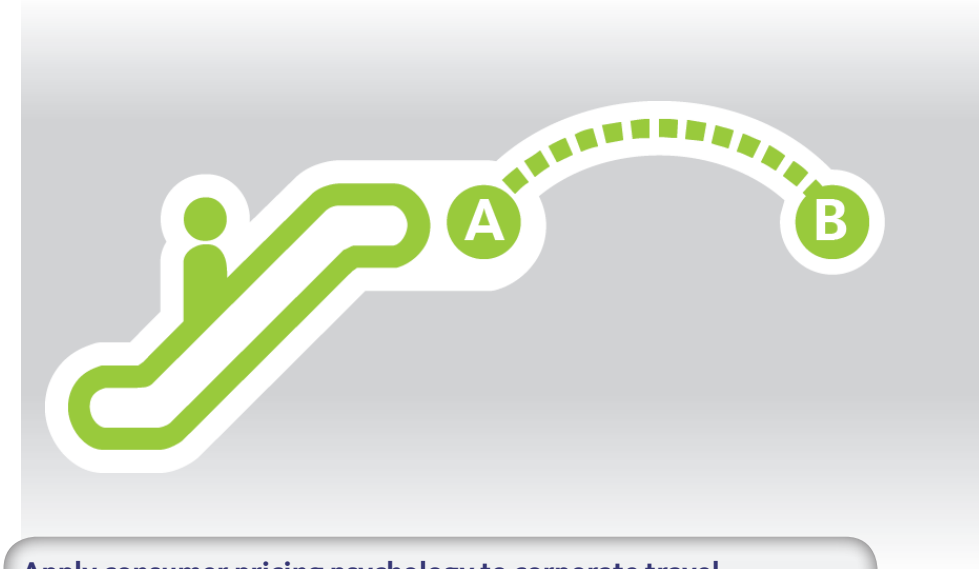
Phase 3 - Influence: Guide travelers before and during their trip

Encourage employees to think hard before each trip whether they should travel or not. Encourage "zero-budget thinking": making travelers justify the financial case every time they travel, even if it is only to themselves. This approach could be formalized as pre-trip approval, although if managers don't authorize trip requests quickly, the delay can lead to higher fares.

Try to offer non-travel alternatives at point of sale too. Options include quick-to-read comparison tables that help travelers decide between travel and virtual conferencing, and pop-up prompts for online booking tools that remind travelers there are alternatives to face to face meetings.

If employees decide they will take the travel option, emerging technologies and strategies can help them buy smarter. One example is creating destination packages: a collection of travel tips, web links and mobile apps for each of your company's key destinations to help them save money and navigate like a local. Another example is providing a pricing context – such as programming the booking tool to show not only the traveler's chosen price but the average price the company pays on that route, the negotiated fare and the lowest logical fare.

You can also influence travelers *during* a trip by delivering relevant mobile messages to influence their booking decisions. For example, time a text to arrive when their flight lands, telling the traveler to transfer downtown by train instead of taxi.



Apply consumer pricing psychology to corporate travel

"Behavioral economics" is a new branch of study which investigates how consumers make buying decisions. Some of the findings can be applied to corporate travel. Here are two examples:

- **Decoy pricing** – If your online booking tool offers two four-star hotel options for a particular city, add a three-star hotel option. It will encourage travelers to book the cheaper four-star option.
- **Anchor prices** – The first price a consumer is introduced to for a product or service becomes their benchmark expectation for how much they should pay in future. To help keep travel price expectations low, tell employees how much you expect them to pay for a flight or hotel, and start junior staff on lower-grade travel options.

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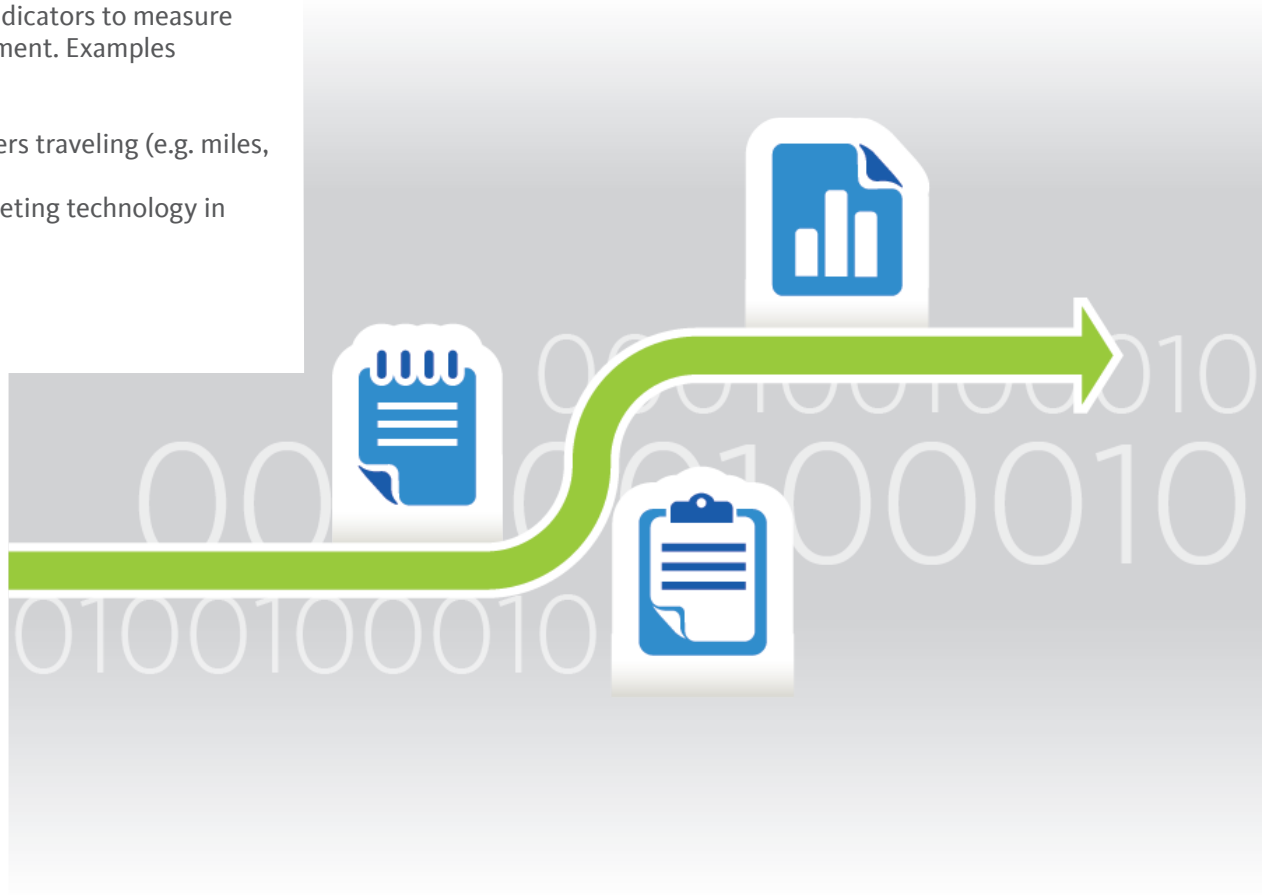
Phase 4 - Review: Assess and improve

Keep the program under review. You can seek traveler feedback by using social media, such as rating and review systems, to gain their buy-in and tap into their knowledge of suppliers and destinations.

Develop and monitor relevant key performance indicators to measure whether you are improving your traveler management. Examples include:

- Travel intensity – how much are our top travelers traveling (e.g. miles, room nights, number of trips)?
- What is the share of meetings using virtual meeting technology in comparison to all internal meetings?
- How far in advance are we booking trips?

Use rating and review systems in social media platforms to seek traveler feedback



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Introduction
What is traveler management?

Travel management has traditionally focused on supplier relations, which is why travel managers are often referred to as travel buyers. As a result, discussion about how companies can control costs tends to revolve around negotiating better deals with preferred vendors.

Yet, crucial as those external relationships are, travel managers can gain perhaps even greater savings for their company through better management of relationships within their organization, especially with travelers. In this white paper, we define getting the best out of this internal relationship as traveler management. It falls broadly into two areas:

Demand management – *influencing the number of trips travelers take.*
Buying behavior management – *influencing the way travelers plan their trips, how much they spend and with whom.*

Traveler management is not new but it is evolving. Arguably the need for traveler management is becoming stronger for these reasons:

Limitations of supply management
Supplier deals remain very important, especially for negotiating discounts on peak-time flights booked at short notice, which is the way many business people still travel.

However, some travel managers believe they have reached the limit of the savings they can achieve from suppliers. Now they are looking within. "Like many other companies with mature travel programs, to achieve incremental savings requires you to think differently," Hewlett-Packard director of travel and meeting services Maria Chevalier told *Business Travel News* in 2011. "We've gotten about as much as you can from leveraging our contracts, so you have to implement disruptive technologies and approaches in your program. We're calling this the year of the traveler." [1]

Need for better traveler engagement
In contrast, efforts by travel managers to persuade travelers to do the right thing are far from mature. Some companies prefer to mandate heavily, but even with rigid enforcement, success rates in achieving full policy compliance vary significantly. For example, although compliance with air policy may be very good, hotel program compliance is often significantly lower.

Some travel managers are therefore concluding that they might be able to achieve better compliance rates – and better buying decisions – if they attempt to influence travelers instead of issuing a fixed set of rules.

Changing technologies, changing attitudes
Traveler booking behavior is starting to change dramatically because of the rapid evolution of new technologies (such as social media and mobile) and the accompanying attitudes of a younger generation in the workplace. We believe that ignoring these trends, and the profound effect they have started to exert on traveler behavior, will lead to greater deviation from the managed travel program. On the other hand, embracing those trends will improve traveler behavior and enhance compliance.

[1] *Demographic Diagnosis*, Business Travel News, 11 August 2011

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Faster innovation
Technology has become much more interoperable. Innovators can now take different services (e.g., Google Maps) and "mash" them together. It means they can create and adapt new applications at low cost and with unprecedented speed. As a result, the number of new services available to travelers has grown exponentially.

Web 3.0 and mobile – personalized technology
The "interoperability" described above lies behind the rise of Web 3.0, which offers almost unlimited flexibility for users to customize and personalize the technology they find online. Translated to business travel, it means employees can find and adapt travel tools ideally suited to their needs.

What makes Web 3.0 even more powerful is that the perfect hardware to host it has emerged in the form of mobile devices—both smartphones and tablets. Taken together, they create an "anything, any time, any place" technology. That presents a challenge for travel managers because travelers no longer rely on their employer for travel technology tools. Everything they require for their personal travel needs, from information to booking, is on their phone.

The good news is that this potential threat is also an opportunity. If travel managers can direct travelers to attractive managed tools on their mobiles, then there is an excellent chance to drive up compliance.

Behavior: Millennials – the me-culture corporate travelers
The first of the so-called Millennials (born 1977-1997), who are completely comfortable with technology, have now entered the workplace. Personalized technology is giving this generation the tools to behave more independently as consumers, even when they travel at their employer's expense. It is also changing the attitudes of older generations, even though they did not previously demand greater flexibility.

The personal/professional barrier disappears
Employees are now accustomed to using Web tools for their personal travel plans and expect to use similar or—better still—identical tools for their professional travel. Examples include:

- Price comparison websites
- Social networks – to learn if friends or colleagues will be at the same destination
- Rating sites – what do others think of the airline the traveler is flying or the hotel they will stay in?
- Location-based trip planning and booking apps

Travel managers therefore need to ensure that the tools they are providing are at least as effective and user-friendly as the ones travelers can find for themselves.

Looking again at your corporate travel program – responding to traveler power
Traditional traveler management has focused on creating a policy that dictates booking and spending behavior by the traveler, and then enforcing it. A growing number of observers believe this "stick" approach is becoming increasingly ineffective. "The demographics of travelers are changing," says Evan Konwiser, an independent consultant, in an interview for this white paper. "Our younger generation does not believe in policy for the sake of it. We grew up on the Internet with the democratization of data. We will make good decisions to save money but we will not just follow policy blindly. We will follow it if we understand the reason."

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With so many ways for travelers to make their own travel arrangements if they don't like the official program, pressure is growing on travel managers to switch to a "carrot" approach. This change in thinking means:

- Making the travel program so attractive that travelers don't wish to seek alternatives
- Engaging with travelers so they are aware of the program
- Harnessing the newest technologies to help travelers make the smartest choices at the most appropriate times, not only to control travel costs but whether to travel at all.

Companies are struggling to introduce these changes to their travel programs. In contrast to consumer travel sites, corporate booking tools often look and feel old-fashioned and fail to provide a satisfying shopping experience.

More stick or more carrot?

Travel managers could choose to respond to traveler non-compliance by getting tougher. They could mandate where they don't do so already. If they do already mandate, they could punish travelers who don't follow policy more harshly. However, other than in companies with very strict corporate cultures, this approach probably would not succeed in the long term. It would lead to worse employee relations, which could affect the recruitment and retention of top talent.

In any case, cracking down harder does not fix the underlying problems, or take advantage of the opportunities of improved traveler knowledge. Taking a "carrot" approach should lead in the end to more compliant travelers who can use the tools they are given to make even smarter choices within travel policy.

The rest of this white paper explains the strategies and tactics which can be used to achieve this goal of better traveler management.

The challenges created by demand management

Beware complete travel bans

Demand management is all about influencing the number of trips taken by travelers. Potentially, it can reduce costs more than is possible through supply management, because nothing saves more money than not traveling at all. Yet, supply management thinking is much more common for travel programs. Another problem is that when companies adopt demand management, they do so very heavy-handedly. One example would be banning all travel for the last month of the financial year.

Complete travel bans may occasionally be essential, such as during a severe cash flow crisis, but they are not good practice:

- *No strategic control*: important business opportunities may be missed through inability to travel. Trips to close new deals or retain clients will more than justify their expense even at a time of major cost reduction.
- *No encouragement of good behavior*: travelers do not learn to be self-critical about when they should or should not travel. Only traveler self-analysis can make demand management successful in the longer term.

Why there isn't more travel demand management

Company structure

Travel managers are often based in the procurement department, where the traditional focus (and in some cases incentivization) is on meeting supplier savings targets.

Lack of transparency

Some companies lack detailed data showing the true cost of travel to their organization. Therefore they do not always understand the business case for investing money and time in demand management, for example introducing TelePresence technology and encouraging employees to switch to it.

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Phase 1 - Plan : Create a better traveler management program

Re-define the travel management role

Re-think the travel manager's role as a consultant to the wider business. Your job is to advise different business units or even individuals about how they can reduce trip numbers where possible and gain maximum value for spend if they do travel.

Gather data that matters

Taking a consultative role means working with senior managers in your business who have very limited time to think about travel. It is essential to keep your messages as brief as possible, and that means providing easily understood data, such as missed savings opportunities or the number of days flights are booked in advance of departure.

Review your existing travel program

Your travel program will only achieve high compliance if it meets traveler needs. To take one example, your negotiated prices need to be consistently lower than market prices, otherwise travelers will look elsewhere.

Perception is essential

Even if your negotiated deals are good ones, are they seen to be good by travelers? For example, up-front discounts, where travelers can see the discounted price at time of booking, are much more effective than so-called back-end rebates. With back-end rebates, the company only receives its discount after the deal period (typically one year) ends, so travelers do not see a lower price when they book.

Supplier communication

It is very easy for today's travelers to compare fares online. As a result, suppliers understand, or should understand, why a travel manager finds it difficult to steer travelers towards booking them unless their pricing and quality are competitive. Travel managers need to put themselves in their travelers' shoes and present the evidence to preferred suppliers whose pricing promotion tactics regularly undercut agreed corporate rates.

Don't make the data you give suppliers too simplistic. For example, if travelers in a particular business unit have to book flights with only two or three days' notice because of the nature of their work, comparisons must be made with what is available publicly at that time, not 14 days before departure.

Re-define travel

This is probably the most important strategic change companies must make if they want to reduce demand for travel. Many companies which have made a good job of travel demand management have re-defined travel as a process which brings people face-to-face. Since there are other ways in which employees can "meet" (alternative terms sometimes used are "communicate" or "collaborate") without being face-to-face, travel is not always necessary.

Following this line of thinking, "demand managers" make employees understand that:

- Travel is not the only, or even the default, solution for their need to communicate
- They must consider the alternatives to travel
- They must justify why, after considering the alternatives, they still believe travel is necessary.

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Why do people travel?

We will think more in Phase 3 about the different ways employees can be asked to consider trip by trip whether they really need to travel. At this point, however, it is worth looking at the bigger picture of why people go on business trips, and whether there is any unnecessary travel within your organization which can be eliminated.

Neither question is easy to answer. Some travel professionals believe tougher economic conditions since 2008 have led to employees being more careful with company money anyway, so that few unimportant business trips take place now. It is also claimed sometimes that younger employees are more reluctant travelers than older ones, and that many employees avoid traveling if they can because of tougher security measures and other inconveniences.

However, other experts argue that although face-to-face is almost always the most effective form of meeting, some business people continue to travel for less justifiable reasons. These include:

- Still believing business travel is glamorous
- Measuring their self-importance or success by how much they travel
- Wanting to show bosses they are working hard.

The marketing company Naked Communications has said that its campaign to reduce travel at Nokia was based partly on tackling these perceptions (see Nokia case-study in Phase 2).

Return on investment in travel

If an employee could calculate what value a trip would bring to their business, it would be easier for them to figure out which trips to take and which to avoid. Unfortunately, this type of black-and-white assessment is considered impossible.

Yet even if travelers cannot calculate their return on investment (ROI) for any trip they are considering taking, it is still worth thinking about the idea in more general terms. “Demand managers” find simply communicating to employees that they must think more deeply about why they want to travel can lead to a fall in number of trips.

Examples of informal ROI evaluation include:

- Require employees to discuss every proposed trip with a superior. Two heads rather than one can take a balanced view on whether meeting face to face will justify the time and cost involved.
- Ask staff to state in writing the purpose of their meeting, who needs to participate (especially if more than one person from the company wants to attend) and why the meeting goal can only by achieved face-to-face.
- Only allow travel if a formal agenda for the meeting is prepared and employees agree to create and follow up on action points.
- Consider requiring a cost-benefit analysis if you can find a valid way to make the assessment. E.g., allow purchasers to take a supplier negotiation trip only if they demonstrate the expected negotiated savings will exceed the estimated travel costs.

Some travel professionals believe tougher economic conditions since 2008 have led to employees being more careful with company money

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CASE-STUDY: IKEA – MEET MORE, TRAVEL LESS

Since 2008, IKEA has operated a program, originally entitled Meeting the IKEA Way, which deliberately re-defines travel as a way to enable face-to-face meetings, which in turn is only one of several different ways to meet. The aim was to reduce travel expenditure and meet goals for reducing carbon emissions and achieving better work/life balance.

Laying the groundwork

Earlier attempts to move co-workers (the preferred term at IKEA for "employees") to non-travel meeting options failed owing to lack of ownership and support within the business. IKEA concluded that the travel team needed to take responsibility for ownership, deployment and promotion of video-conferencing, phone conferencing and web conferencing. However, the travel team, led by meeting & travel manager Torbjörn Erling, also worked closely with human resources, finance and internal communications to create the strategy.

New thinking

IKEA requires its co-workers to think carefully every time they want a meeting about the most appropriate way to do it. During the planning phase, they are shown the costs of different types of meeting.

Web conferencing is used for the simplest meeting requirements. In financial year 2010, web meetings jumped 58 percent to 82,400. There are also different video-conferencing options according to meeting size, including communication through desktop video systems for the smallest meetings, and more than 100 video-conferencing rooms for larger gatherings.

IKEA also works hard to make meetings more productive by making them more structured. For face-to-face meetings of more than 50 people, the aim is for organizers to:

- State and receive approval for the purpose of the event.
- Assess the return on objectives.
- Create a checklist of direct and indirect costs.
- Define what will be communicated before, during and after the meeting, and how.
- Justify their choice of location.

Results

Travel spend as a percentage of sales fell from 0.54 percent in 2007 to 0.35 percent in 2011 mainly because of a major shift to virtual meetings alternatives.

Next steps

As of 2012, IKEA was aiming to:

- Reduce travel costs as a percentage of sales even further to 0.27 percent, even though the company is expanding significantly outside its home region of Europe.
- Reduce emissions per trip.
- Double the number of virtual meetings.

It intends to achieve these targets through behavioral change initiatives, including:

- Co-worker coaching.
- Making meetings management a mandatory leadership role for management.
- Requiring yearly departmental business plans to include a meeting plan.

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Explain why reducing unnecessary travel is important

It is essential to communicate to travelers and other key stakeholders why you want them to eliminate unnecessary travel and/or switch from face-to-face meetings to electronic alternatives. Key reasons you can give them include:

- *Financial savings* – A survey of travel managers published in April 2012 found that 36 percent of companies which offer electronic alternatives to travel have reduced their travel spend as a result. The median saving in this group was 10 percent, while nearly one-third have reduced spend by 20 percent or more.[2]

- *Carbon savings* – Carbon reduction targets are now written into many companies' travel strategies because they have made public commitments to becoming more environmentally responsible businesses.

- *Work/life balance* – Companies owe a duty of care towards employees, which can be improved by reducing travel to reduce stress and promote a better work/life balance.

Create the alternatives to travel

Travelers will only move to non-travel meetings alternatives if they are easy to access. It is also crucial to integrate management of the travel and non-travel alternatives. Integration includes:

- Co-ordination of strategy
- Policy co-ordination
- Presenting employees all meetings options at the trip planning stage.

According to Kotler Marketing Group, 51 percent of travel managers have no involvement in managing conference technology as a replacement for travel. This lack of co-ordination between travel and IT departments is the most common explanation for video-conferencing failing to reduce travel spend.[3]

Understand consumer psychology – how lessons about buying behavior can be applied to booking corporate travel

A new branch of study called behavioral economics examines how consumers make their buying decisions. It provides some interesting lessons that travel managers could use to influence what travelers book through online booking tools. The ideas might also help travel managers persuade travelers to choose non-travel alternatives.

Buyers aren't always rational

In his book *Predictably Irrational* [4], the behavioral economist Dan Ariely argues that people do not always act in an economically rational way. In other words, they do not always act like buyers should in a perfect marketplace based on classic supply and demand principles. Other factors repeatedly, but predictably, influence their behavior. It is therefore important to re-consider how people do behave rather than how they *should* behave.

Accepting this argument, travel managers need to provide tools and strategies that will help employees make better decisions about travel, whether the attitudes which lie behind their decision-making are "rational" or not.

The irrational behavioral characteristics identified in *Predictably Irrational* are particularly helpful for influencing employees to make lower-priced booking choices. We suggest how these lessons can be put into practice in Phase 3 below. However, there is also an important principle discussed by Ariely which is worth considering more generally when creating a traveler management program.

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[2] *Trends in Corporate Travel Demand Management*, Kotler Marketing Group, April 2012 (executive summary)

[3] Ibid.

[4] *Predictably Irrational,* Dan Ariely, HarperCollins, 2008

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Phase 1 - Plan : Create a better traveler management program

What Dan Ariely says: don't alienate your travelers
Within the workplace, employees have a goal of earning money. Within this market norm, as Ariely labels it, employees give a fixed amount of their time in return for which they are paid. Yet even if this is the main reason why most people work, there is also a social norm in operation. Within a social norm, employees give more of their time and feel inspired to do better because they want to contribute to the corporate good. However, they only want to do the right thing if employees feel the company is looking after them in return. If this social norm is disrupted, the market norm becomes all-important and employees become interested only in doing the minimum work for the maximum pay.

Lesson 1: look after your travelers
Given that business travel is stressful and often means working outside normal hours, companies should be careful about destroying the social context by cutting back on traveler comfort too far, e.g. requiring them to fly indirectly if a much faster direct flight is available. A relentless focus on cost at the expense of traveler well-being swings the travel program to a market context, in which they will feel under-valued for all those extra hours they are traveling. It is also important to provide high standards of duty of care, e.g., having excellent emergency assistance plans.

Lesson 2: empower your travelers
It is also arguable that rigid policy rules place travel within a market norm, where travelers will look for opportunities to buck the system and maximize their personal gain. Instead, consider empowering travelers by removing some aspects of policy where possible, letting them choose some of their own travel tools (e.g., itinerary management) and giving them personal budget responsibility. Taking this approach maintains a social context because travelers feel they have been given the flexibility to adapt travel arrangements for the needs of their work. Travelers will therefore feel motivated to choose lower prices because of their sense of obligation to their employer within the social norm.

Understand employee motivation
As is also discussed in *Predictably Irrational*, experts on employee-management relations believe that simply giving well-paid employees more money does not always bring the best out of them. Some of these ideas are picked up in a short film illustrating the thoughts of the writer Dan Pink [5]. He argues there are three main sources of motivation for employees whose work is not entirely routine and mechanical:

- *Autonomy* – The desire to be self-directed. Management control makes sure employees do what they are told to do, but engagement and empowerment inspire them to do better.
- *Mastery* – Employees want to improve because they enjoy a challenge and wish to contribute.
- *Purpose* – Organizations need a purpose to their work beyond making money. When the profit motive is unhitched from the purpose motive, according to Pink, (in other words, when an organization is only interested in making money), "bad things happen."

Similarly, the academics Teresa Amabile and Steve Kramer have written about how managers should "check in" with employees rather than "check up" on them. [6] "Checking in," they write, "is really about collaboration; checking up is about suffocation."

Lessons for the travel manager
Applied to traveler management, the conclusion once again is that employees do not respond well to heavy mandating. Instead, if made to feel they are respected and trusted, they will do the best they can for the company. Give travelers plenty of flexibility in their booking tool to search for better options.

Generally, it is worth trying to keep policy as unobtrusive as possible, reviewing it line by line to confirm that every stated rule remains necessary and removing it if it is not.

[5] RSA Animate – *Drive: The surprising truth about what motivate us*, April 2010
[6] *Checking In With Employees (Versus Checking Up)*, Teresa Amabile and Steve Kramer, HBR [Harvard Business Review] Blog Network, 7 May 2012

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Phase 1 - Plan : Create a better traveler management program

Finally, remember to communicate the overall purpose of the travel program. Help employees understand how the program backs your company's central strategic goals and how they can contribute to meeting those aims as travelers. In particular, cost and emissions reduction through travel reduction are completely aligned: both are about carefully looking after limited resources. It is worth stating this point directly and unashamedly to travelers.

Seek support from other experts in your company

As the IKEA case study demonstrated earlier, effective traveler management requires cooperation with other corporate departments. Examples include IT, facility management, corporate communications, corporate social responsibility and security. Create a brief presentation to explain your strategic goals and how working together will help those other departments achieve their strategic goals too.

Think harder about annual travel budgets

Some chief financial officers allocate annual travel budgets to departments or cost centers without checking carefully that they really need the money. Instead, the CFOs simply award an inflation-based increase without considering whether the need for travel will be the same as last year or more could be done to replace some trips with electronic meeting options.

If possible, therefore, get involved in the annual allocation of travel budgets to make sure this process is not taken for granted. Require budget holders to account for the travel funds they are requesting and state whether they have considered alternatives.

Help employees understand how the program backs your company's central strategic goals and how they can contribute to meeting those aims as travelers

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A NEW BLUEPRINT FOR NEW TRAVELER MANAGEMENT
Phase 2 - Communicate : Sell and market your travel program

Travel managers are often trained procurement professionals. In other words, they are expert buyers. But travel managers need to be good at selling too. They have to persuade employees to comply with the official managed travel program and use the company's preferred suppliers.

Although travel managers are often natural communicators, they don't often use structured sales or marketing processes to achieve the buy-in they need. Consider two ways of "selling" your travel program internally, which could prove highly effective: gamification and a marketing communications campaign.

Gamification – the new buzzword

Gamification is the motivation of compliant behavior and/or high performance levels by employees through point-based targets and rewards. In the case of travel, a travel manager selects five or six types of behavior on which to measure and improve traveler compliance for the benefit of the company. One example would be buying fares two weeks or more before departure, when prices are lower.

Although the term is a new one, it is important to remember gamification has been used by travel suppliers since U.S. carriers launched the first frequent-flyer programs in the early 1980s. [7] In many cases these schemes have the opposite effect of motivating non-compliant behavior. They tempt travelers to use suppliers which operate their favorite loyalty schemes, regardless of whether they are preferred vendors.

Recognition is key

Instead of material reward, gamification is about recognition, in two senses of the word:

- Helping employees understand where they stand in relation to their peers. It is possible to send each employee a scorecard showing how well they have performed on different criteria and ranking them against their colleagues.
- Publicly acclaiming employees who have done well, for example through publishing a leaderboard on the company intranet. Alternatively, if the company has a wider employee incentive scheme to reward good behavior, for example with shopping vouchers, then the gamification of travel can be linked to it. However, it is important not to make the rewards too generous. Large rewards could make employees feel like consumers with a choice: aim for the rewards by behaving compliantly, or ignore the rewards and carry on behaving non-compliantly. Large rewards can also tempt travelers to alter their behavior to win prizes even when that behavior may not be appropriate, e.g., flying in economy class when they should fly business class so they arrive at a meeting ready to perform well.

Does gamification work?

Examples such as Coca-Cola (see case study) suggest that it can and does. Supporters of gamification say employees find it very useful to compare their own behavior with their peers. Departmental heads can also use scorecards to see how well they are performing against others, and they can take direct action against individual low scorers to improve figures for the entire "team."

Another benefit of gamification is that it publicly acknowledges individuals who frequently sacrifice personal time to travel on behalf of their company. In certain corporate cultures, the opposite approach of naming and shaming poor performers might also be an option.

[7] InsideFlyer website (www.insideflyer.com)

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Phase 2 - Communicate : Sell and market your travel program

There are potential problems with gamification as well:

- Some cultures, or individual employees, may consider ideas like scorecards or badges for top performers to be silly or demeaning gimmicks, and it could make them irritated or even rebellious.
- The risk remains of encouraging behavior which earns points rather than behavior that puts the company's interests first, even though it is a much smaller risk for large material awards.
- Gamification informally defines rules about what is good and bad behavior when it may sometimes be better to let travelers use their judgment. It is the same issue as the debate around setting per diem spending limits per city. The company saves money on reduced spending by travelers who previously spent above the limit; on the other hand, it risks losing through increased spending by travelers who previously spent significantly less than the limit.
- Giving even small rewards to top performers may break tax laws in some countries.
- Workers' councils may object in some countries, especially if there are no similar rewards for employees whose work does not involve travel.

What next?
According to Tom Ruesink, the consultant who developed Coca-Cola's travel gamification scheme, gamification will be adopted more widely once it becomes an easily white-labeled plug-and-play program. At present, each scheme has to be custom-designed, which is time-consuming and expensive. Ruesink suggests ready-to-use gamification may become available through technology platforms that are used widely throughout a company, such as SAP or Salesforce.com. He also points to development being done in this area by self-booking tool providers.

Ruesink says gamification appeals to all age groups within the workforce. He believes it will become even more popular because the structures of gaming, such as earning points for doing the right things and moving to higher levels, are particularly familiar to younger people conditioned by many thousands of hours of on-screen video game playing.

Case-study: Coca-Cola

Coca-Cola has a rating system which gives travelers a score similar to a baseball batting average. This figure provides an at-a-glance view of the traveler's compliance based on a blend of several key measurements, including:

- Use of the online booking tool (instead of telephoning the travel management company)
- Making advance purchases
- Choosing the lowest logical fare

The company issues regular reports of the 20 most and least compliant travelers, which is sent to divisional heads. The heads have the option to forward the reports to the travelers, which they often do to encourage competition.

Since implementation in the USA in 2006, every behavior tracked through the scorecard has improved. The scheme has since been rolled out in other countries, with adjustments made locally, e.g., for rail booking in Europe.

Since implementation in the USA in 2006, every behavior tracked through the scorecard has improved

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Marketing communications

Travel managers understand the need to communicate, but full-scale marketing campaigns using substantial design and branding remain rare. They require an investment of time and money, as well as expertise that the travel manager is likely to lack personally, which means they must seek help from others in their organization or externally.

An added complication is that the communications are evolving fast, especially social media. What is more, there are now so many media and so many messages going through them that it is becoming increasingly difficult for travel managers to compete for travelers' attention. Messages therefore need to be packaged more skilfully and professionally than in the past to rise above the noise.

A simple action plan to improve communications would be:

- Review your current communications: what messages are you communicating, who are your targets, which media are you using, and how successfully do you think the messages are being received?
- Ask yourself the same questions again about what you would like to be doing in future.
- Understand the different media which are used for communication within your organization.
- Request marketing and communications training.
- Develop a relationship with your internal communications team. Ask your TMC if it has any expertise in this area.
- Develop a business case to secure funding for marketing communications.
- See if you can piggyback on other planned marketing campaigns aimed at achieving similar strategic goals, e.g. cost control or CO_2 emissions reduction.

Case-study: Nokia's Travelogic campaign

Aims

Nokia launched a major strategic re-positioning of itself as a sustainable business. As well as committing to reduce travel, it set out to reduce energy and food waste and improve recycling of mobile phones. Nokia called in the communications strategy group Naked Communications to promote the necessary changes within its organization. "We developed Nokia's internal communications with the sophistication of an external campaign," says Craig Adams from Naked.

Method

In the specific case of business travel, Naked aimed to change long-term cultural thinking in the company. It created Travelogic, a campaign to communicate that it is ideas which need to travel rather than people, and that less travel could save time and money while improving work/life balance. These goals could be achieved by making travelers aware of the digital meeting alternatives available to them.

Elements of the campaign included:

- Creating a Travelogic hub on the Nokia intranet.
- Launching the campaign with a series of posters with witty messages, such as "Real super-heroes don't fly." The launch also featured 12 speakers, such as environmentalists and energy experts, giving online Pecha Kucha presentations (showing 20 slides for 20 seconds each).
- Grounding some of Nokia's most frequent travelers for one month and asking them to blog about how they remained productive without traveling.
- Presenting roadshows in key offices with actors dressed as flight attendants announcing that all departures had been cancelled.
- Creating a route planner – a decision flowchart making employees ask themselves questions such as: Do I need a meeting? Do I need to be there in person? Are you sure your ideas can't travel without you?

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Phase 3 - Influence : Guide travelers before and during their trip

Once the groundwork has been prepared for better traveler management, there are many ways travel managers can intervene tactically to help employees make better travel (or non-travel) choices about each individual trip. Inevitably, most interventions happen at the pre-trip stage, when basic decisions (e.g., do I travel?) are made, but it is now possible to influence travelers during a trip as well.

A) **Pre-trip:** influencing travelers at the planning stage

Demand management – to travel or not?

Encourage zero-budget thinking

Tell employees to assume they have no automatic budget allowance for any travel. Instead, they must justify each trip in advance. See the discussion below of different approaches to pre-trip approval.

Offer alternatives to travel

As discussed in Phase 1, if your company has some good electronic alternatives to travel, such as TelePresence, then your company should advise employees to consider these alternatives. However, you also need more dynamic communication at the trip planning stage to ensure employees really are assessing the non-travel options.

Introduce a meeting/travel decision tool

As the Nokia case-study showed, it is possible to create a travel decision matrix or flowchart. The tool asks employees questions which ensure they consider how to meet as well as where and when. A matrix could be the initial screen employees see every time they enter the company travel portal. It can require them to answer questions such as:

- How often do I travel to this destination? Could I reduce the frequency of my trips?
- How many people from the company are traveling? Could fewer of us travel?
- What will this meeting achieve face-to-face that cannot be achieved through other means?
- Who am I meeting? Is it a client, or a colleague who I could meet more easily virtually without damaging our relationship?
- Am I aware of the extra cost, both financially and in terms of emissions, and are those costs justifiable?

Compare trip and meeting booking options alongside each other

Ideally, an employee should be able to compare travel and electronic alternatives on a single booking screen. This would include:

- Live availability checks – are there video-conferencing or other electronic facilities available for both the employee and the person they wish to meet?
- Cost – how much would the travel and non-travel options cost financially, what are the costs in carbon emissions and how much of the employee's time would the meeting take up? The concept of "visual guilt" would make it much harder to choose the more costly travel option in many cases.

The vision of offering travel and non-travel booking options side by side has only become reality in a very limited way so far, but the situation may be about to improve. In July 2012, the technology company Sabre launched Sabre Virtual Meetings, a virtual meetings booking tool. From September 2012, Sabre Virtual Meetings became accessible through the home page of GetThere, a corporate travel booking tool also owned by Sabre.

Pop-up reminders

Some online travel booking tools can be programmed to pop up messages asking bookers if they have considered video-conferencing because it is cheaper, greener and a time-saver.

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Look again at pre-trip approval

The case for

The 2008 global recession led to a surge in the number of companies using formal pre-trip approval processes to tighten their cost control. There is a clear logic to having pre-trip approval: a manager can judge whether there is a good case for taking a trip and, if the case is proven, whether the cost of each chosen trip element (e.g., class of air travel) is acceptable.

Another reason pre-trip approval became more popular around that time was a big improvement in the technology. Efficient workflow (how the trip request is routed around the company) and the ability to highlight non-compliant trip requests have made the decision-making process much slicker. Trip requests are forwarded quickly to the correct decision-maker, and travelers can see the status of their reservation while the travel manager can keep an eye on line managers to ensure they are authorizing requests promptly.

The case against

In spite of the benefits, some companies have removed pre-trip approval. The challenge is that, even with efficient technology, waiting for approval can delay the booking process if line managers fail to respond quickly. Not only does this delay schedule planning for travelers, it can also lead to higher costs if air fares rise between the point of planning and the point of approval. One way to minimize this problem is not to place the task of approval too high up the managerial hierarchy, or only to do so for approving policy exceptions.

Another potential pitfall is that, in terms of employee motivation (see Phase 1), pre-trip approval is an example of checking up on travelers rather than checking in with them.

A less formal alternative

Approval does not have to be a formalized process. Policy could simply state that the employee must consult a line manager before booking. A discussion of the pros and cons may lead to a better decision and is also more like checking in than checking up.

Provide a run rate

One tool that will help line managers decide whether to approve or not is to provide them with a run rate, showing them how much of their budget has been spent versus what is left.

Plan more efficiently through trip itinerary apps

Mobile and social media can be used for traveler management in many ways. More examples are discussed later but one app that is useful at the planning stage is a trip itinerary app such as TripIt. The app can be configured to show travelers, and their managers, whether any of their colleagues are traveling to the same destination. If they are, potential uses include:

- It may make sense for one traveler to drop out of the trip, handing over the meeting they had planned to their colleague.
- If both travelers continue to make the trip, they can share some arrangements, such as ground transportation.
- Itinerary apps can also be used to maximize the value of trips. For example, the itinerary app could be integrated with an enterprise social network like Salesforce Chatter so colleagues who are not going can suggest other sales leads to follow at the destination.

Booking behavior management – making better buying decisions

Once it has been decided that travel should take place, consider how to influence the traveler to make policy-compliant choices at the best price. Various tools and strategies are emerging which should help travel managers to exert influence much more directly and relevantly than has been possible in the past.

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Create trip packages

Create prescribed trip packages on the planning tool for your organization's top destinations. By clicking on the destination, the package lists details such as:

- Most appropriate way to travel (air, rail or car)
- Nearest airport
- Preferred transport suppliers
- Best way to transfer to company location, client etc. (e.g. train, taxi, car hire).
- Preferred hotels
- Reminder to consider booking a TelePresence meeting instead if a suite is available at the destination.

Packages work well for travel managers because they direct travelers towards compliant choices, but they also work well for travelers because they eliminate much work and decision making, reducing the temptation for them to book outside the program.

Make Amazon-style recommendations

Online booking tool providers are starting to develop Amazon-style hotel recommendations to push to travelers as soon as they have booked their flight. This idea could be particularly helpful for ensuring travelers choose their hotel during the same booking session. One of the biggest causes of non-compliance is travelers booking a hotel at a later date, often outside the approved booking channel and with non-preferred suppliers. Naturally, the automated recommendations would only be for preferred properties.

As with Amazon, recommendations could be based on previous booking behavior. For example, if the traveler has booked a flight to Stockholm, the tool could recommend a Scandic hotel (if it is a preferred chain) because the traveler stayed at the same chain in other cities and the reviews suggest a similar level of quality and amenities.

Consider also introducing a company-only version of rating and review systems like Google Places or TripAdvisor that employees are familiar with as leisure travelers. The tool could persuade travelers to make in-policy choices if the booking tool displays preferred properties that are highly rated by other employees.

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APPLYING DAN ARIELY'S PREDICTABLY IRRATIONAL BEHAVIORAL ECONOMICS TO ONLINE BOOKING TOOLS

Decoy pricing
Present a lower-priced decoy

What Dan Ariely says
If consumers are presented with two options of similar quality, then consumers will choose the lower-priced of the two so long as a third, much cheaper, option is also on offer.

The lesson for traveler management:
Take the example of a booking tool displaying all the accommodation options from a company's preferred hotel program for a particular city. If company policy is to stay in four-star hotels, then including a lower-priced three-star option in the program as well (even though travelers may well not choose it) will encourage travelers to book the lowest-priced four-star option.

Make lower-priced options available and comparable

What Dan Ariely says:
Consumers usually choose between two similarly priced options and ignore the third option if it is not directly comparable with the other two. This is true even if the third option is actually the most appropriate.

The lesson for traveler management:
If policy allows travelers to stay in upscale accommodation but you would prefer the company to save money through them choosing mid-market accommodation, offer at least two mid-market hotels in each city so they lend perceived validity to each other. Alternatively, you could discourage use of upscale hotels by offering only one upscale option in each city.

And make sure lower-priced options are always available. For example, even if travelers are allowed to fly business class, include economy class options on the booking tool too.

Anchor prices

What Dan Ariely says
The first price that consumers are introduced to for a product or service becomes their mental benchmark for pricing. Even though this benchmark price is arbitrary, it dictates how much they are prepared to pay for related products and services in future.

The lesson for traveler management
Condition junior staff to lower price points. Consider setting policy for junior staff members at basic level travel (economy class flights and mid-scale or lower accommodation) for their first 12 months. It could condition them to become frugal travel buyers, whereas flying business class and staying in high-end hotels from the beginning of their career would set much higher anchor price expectations.

NB – It is arguable that the younger generation in the workforce already has a lower anchor price than its predecessors. For example, it has grown up not knowing a world before low-cost carriers and therefore has little expectation of flying business class for short-haul flights.

Specify anchor prices to travelers. Tell travelers how much you would expect them to pay for a flight or a hotel to create an anchor price in their minds. For example, when a traveler starts a fare search, show them the average price paid by the company on that route and the company preferred price, such as a negotiated fare. See more on benchmark pricing below.

Introduce non-travel as an anchored option. The principle of anchoring is also important for influencing employees to use non-travel alternatives. Encourage new hires as part of their induction to understand from the start of their career that they must consider options such as video-conferencing when planning a meeting. Additionally, remind employees before every offline or online reservation that they have a duty to consider non-travel options.

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Keeping options open

Restrict traveler choices

What Dan Ariely says

Consumers often waste time looking for and deciding between additional buying options when they have already found a price that is perfectly acceptable.

The lesson for traveler management:

The risk of traveler indecision creates another strong argument for giving travelers pricing benchmarks. The benchmarks could be the average price for that route or city and the preferred company price. It may also be worth stating in travel policy or on your booking tool that travelers should not waste time looking for a lower fare if they have found one within a specified price range. Another conclusion is that travel managers should avoid giving travelers more options than necessary on a booking tool.

Help travelers compare prices

Give travelers some context to the air fare or hotel rate they are considering booking so they can understand whether the price is an acceptable one. Configure the booking tool so the traveler can simultaneously see some benchmark comparisons:

- The traveler's chosen price
- The average price paid by the company on that route
- The travel manager's preferred price, e.g. the negotiated fare
- The lowest logical fare

Travelers can also be required to state why they have not accepted the lowest logical or negotiated fare.

Benchmark prices make it easier to steer travelers to better behavior in numerous ways. For example, if the only fare available on the chosen day of travel is significantly higher than the average company price, travelers can be directed to consider flying on a different day.

Offer more attractive planning and booking tools

One reason corporate travel programs have lost travelers to non-preferred booking channels is that corporate planning and booking tools are sometimes less attractive than those in the consumer market. The development of Amazon-style recommendations described above is one example of how the corporate market is fighting back to make program-compliant tools more appealing. Here are two more products – one available now and one in development – which are examples of the same trend.

BCD Travel trip planner powered by routeRANK

Many trips present several different choices for travelers, such as whether to go by rail or air, or which airports to use. Typically, they need to figure out which of these journey end-to-end options is best before making their reservation.

The BCD Travel trip planner powered by routeRANK helps travelers do exactly that by entering their journey start and end points. The tool figures out the different travel options between those points and then lists them ranked according to price, travel time or travel mode. Giving travelers a tool like this helps travel managers extend their influence to the planning stage of the trip while giving travelers a solution that saves much time and uncertainty looking for the best journey options. It includes the ability to prompt virtual meetings as an option instead.

KDS Project Neo

Booking and expense tool provider KDS is working on a similar strategy to simplify the corporate travel online booking process. Its Project Neo aims to make planning and booking an entire trip possible with only three clicks by asking travelers for three pieces of information: where they want to go, when they need to be there and how long they are staying. Project Neo is intended to conduct simultaneous searches for all of the trip's bookable elements (e.g. flight, hotel and taxi) and present the results on a single screen, including a door-to-door timeline showing what time each part of the trip starts and finishes.

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Deploy booking tool pop-ups

Various pop-up tools are now available to steer travelers towards more compliant options if they attempt a non-compliant booking decision. Some corporate booking tools, for example, can display a message warning bookers they have chosen a non-preferred hotel and should switch to a preferred alternative.

A new tool called ProcureApp takes the idea a stage further. If an employee is using a company-owned laptop or desktop personal computer to book through a non-compliant reservations channel, such as an airline website, the PC can pop up a message warning that this is an out-of-policy booking attempt and the user should switch to an official booking tool.

Deploy smart messaging immediately after booking

If a traveler has exhibited “bad” booking behavior that is too late to correct, configure the booking tool to send an automated e-mail warning their non-compliant reservation has been logged. One example is if travelers book three days before departure when they are encouraged to book at least 15 days in advance. The message can remind them of the rule, and offer an example of the potential savings gained through advance booking.

Some corporate booking tools can display a message warning bookers they have chosen a non-preferred hotel and should switch to a preferred alternative

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B) **On-trip:** influencing travelers while they are away

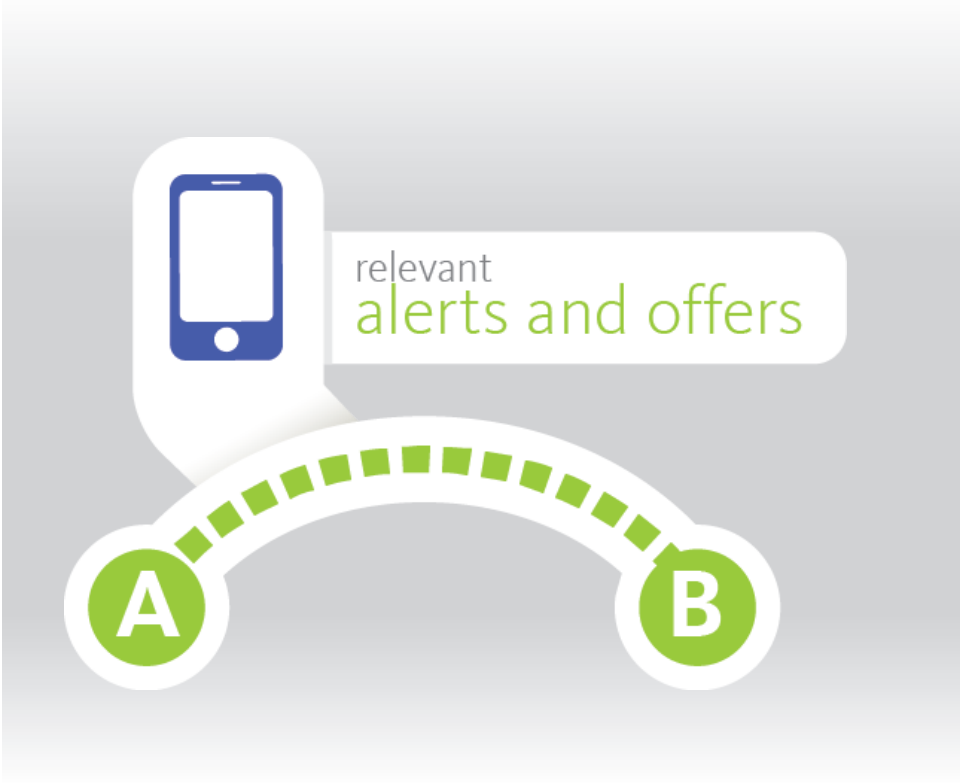
Deliver relevant mobile messages

Mobile messaging, even using technology as simple as SMS texts, is a highly effective way of influencing travelers. Travel managers can warn travelers to make the right buying decisions precisely when they are poised to make those decisions. Mobile messages are especially helpful for influencing areas of travel expenditure which have previously gone largely unmanaged, such as ground transportation and dining. Travelers usually make relevant buying decisions for these expenses once the trip has started and the traveler is out of reach.

Other benefits of corporate mobile messaging are that it is automated and cheap. It also helps travel managers compete with the many messages and promotions that suppliers outside the program send to travelers as private consumers. Examples of targeted mobile messaging include:

- A traveler flying into London Heathrow receives a text on arrival, reminding them it is company policy to use the Heathrow Express rail service (£18 with a journey time of 15 minutes) to transfer to central London instead of a taxi (£45-£83 with a journey time of 30-60 minutes).
- Around the time the traveler is expected to arrive in central London, they receive a text to tell them about a restaurant five minutes' walk from the company's office where a ten per cent meal discount has been negotiated. The text also reminds the traveler of the per diem limit on meals for London.
- The traveler has booked a car rental for the following day to visit clients outside London. They receive a scheduled text that morning reminding them not buy extra damage waiver at the rental counter because it is already included in the contract.

Mobile messages are especially helpful for influencing areas of travel expenditure which have previously gone largely unmanaged



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Phase 4 - Review: Assess and improve

Traveler management needs continuous review to ensure it remains finely tuned to the needs of both traveler and employer.

Seek traveler feedback

Use social media to gather feedback from travelers. Rating and review systems are becoming very familiar to employees when they travel as consumers. Set up a similar scheme that would allow them to comment on the company travel program, especially their views on preferred hotels and other suppliers.

A corporate travel feedback process offers three benefits:

- It provides focused intelligence on the quality of preferred suppliers, allowing problems to be identified and addressed with the vendors. As a result, problems can be dealt with early, ensuring the supplier continues to receive business.
- Travelers are the best field intelligence gatherers a travel program could possibly have. By giving them a chance to share their collective wisdom, all travelers are equipped with more knowledge to buy smarter.
- Feedback creates general engagement with, and therefore loyalty to, the travel program.

Allow travelers to comment on the company travel program, especially their views on preferred hotels and other suppliers

Develop and monitor relevant key performance indicators

Measure whether you are improving your traveler management. Examples relevant to demand management could include:

- What is the travel intensity for our top travelers (measurements of intensity might be miles traveled, nights away or number of trips)?
- What is the share of meetings using virtual meeting technology in comparison to all internal meetings?
- How far in advance are we booking trips?
- What is our online adoption rate?
- What class are we traveling (e.g., business class on airlines, four-star hotels)?
- How many hotel bookings are we missing?
- What percentage of travelers are using authorized booking channels?

Monitor mobile tools

Keep the usage of and satisfaction with the tools which help you practice traveler management under review.

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Further Information

Acknowledgements
In addition to internal expert sources, BCD Travel would like to thank the following external interviewees who gave invaluable interviews for this white paper:

Craig Adams, Hypernaked; Dan Ariely, Duke University; Scott Gillespie, Gillespie's Guide to Travel+Procurement; Evan Konwiser, independent travel industry consultant; Tom Ruesink, Ruesink Consulting Group.

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