

TRAVEL PROGRAMS

INSIGHTS FROM

U.S. ROAD WARRIORS

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Presented by



GLOBAL
BUSINESS TRAVEL

tClara 

The Hidden Expenses of a Cost-Focused Travel Program

Examining the high cost of tough travel policies, and what companies gain by improving trip quality for their road warriors

Business travel is an important investment. Companies spend millions of dollars to empower road warriors to do what they do best: Meet new people, forge connections and facilitate positive business outcomes, ultimately delivering a return on the company's investment in travel.

But for those who manage business travel, balancing cost with traveler success can be a challenge. Corporate travel managers are consistently under pressure to cut the costs of their travel programs. As a result, travel managers tighten travel policies where possible, often opting for less-expensive hotels and less-convenient flights in order to keep their road warriors traveling.

However, tougher, cost-focused travel policies carry significant negative consequences, according to a recent survey of more than 750 business travelers, sponsored by Airlines Reporting Corporation (ARC), American Express Global Business Travel and tClara.¹

The survey results highlighted several notable distinctions between business travelers in “cost-focused” programs—travel programs that prioritize low travel costs—and those in “traveler-focused” programs, which place emphasis on the business traveler's productivity and satisfaction.

Survey results show that road warriors in cost-focused programs have 22 percent fewer effective trips than their colleagues in traveler-focused programs, and they are twice as likely to experience symptoms of traveler friction—the wear and tear of too much travel.

“Tough, tight travel policies have significant business costs,” said Scott Gillespie, managing partner at tClara. “You'll save money in the travel budget, but you're buying less-effective trips and causing more frustrated travelers.”

For corporate travel managers seeking to design an optimal travel program, travel and expense (T&E) costs are only part of the equation. Gillespie asserts that the total costs of traveler friction, including attrition, health, productivity and trip outcomes, are also substantial—and measurable—factors to consider.

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The Measurable Costs of Cheaper Travel

The success of a travel program is often tied to cost savings, leaving travel managers with no easy way to balance tangible T&E costs with the intangible costs of traveler friction.

The study assessed some of the most common symptoms of traveler friction. Top symptoms include reduced quality of sleep, difficulty maintaining a healthy lifestyle, stress, and worry about the impact of work travel on personal life. Travelers in cost-focused travel programs reported twice as much traveler friction as their colleagues in traveler-focused programs. Of these high-friction travelers, 74 percent say they hope to travel much less in the future.

Traveler Friction Symptoms for Road Warriors

Travelers in cost-focused programs reported, on average, twice as much traveler friction as their colleagues in traveler-focused programs.

TRAVELER FRICTION SYMPTOMS	COST-FOCUSED	TRAVELER-FOCUSED
I sleep much better at home than when traveling	82% 	53% 
I find it hard to have a healthy lifestyle when traveling	74% 	32% 
I worry about the impact of traveling for work on my personal life	72% 	34% 
The wear and tear of business travel often causes me to be less effective during or right after my trips	71% 	33% 
I often have little advance notice before my trips	70% 	38% 
I often feel extra stress in the days before a trip	72% 	30% 
I find it hard to keep up with my workload while traveling	68% 	26% 
I occasionally get sick or need time off work because I travel so much	67% 	29% 
I get afraid during some of my trips	58% 	26% 
Two years from now, I hope to be traveling much less	74% 	35% 

Travelers in cost-focused travel programs reported twice as much traveler friction as their colleagues in traveler-focused programs.

It's clear that traveler friction has a negative impact on employees themselves, as well as their productivity on behalf of the company. When road warriors were asked what percentage of their trips, in hindsight, were worthwhile, those in traveler-focused programs reported an average of 82 percent. Those in cost-focused programs, however, reported 22 percent fewer effective trips—they rated only 60 percent as worthwhile.

Assigning an exact cost to traveler friction is difficult, but a business's road warrior attrition rate can help corporate travel managers quantify the impacts of travel program policies on talent retention. Attrition rate can also become a powerful tool in communicating priorities with senior management.

According to a report by the Center for American Progress, replacing a highly paid employee requiring specialized training can cost up to 213 percent of the employee's annual salary. Additional indirect costs can include reduced team morale, decreased productivity, and the loss of clients and institutional knowledge. ²

Designing a traveler-focused travel program can help companies retain top talent, especially in sales, account management and technical positions with valuable relationships and specialized areas of knowledge. As an added benefit, it also makes the company far more attractive to potential employees.

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Of those business travelers surveyed, 84 percent said they would be interested in a job from a different firm that requires similar travel levels if it offers a very attractive travel policy, and 83 percent said the new firm's travel policy would be at least equally important to, if not more important than, the new pay and responsibilities.

What Road Warriors Really Want

It's clear that road warriors are valuable employees who sacrifice a lot of personal time and comfort to serve the company, but exactly how much do they give up when they travel for business? In addition to the aforementioned traveler friction symptoms, business travelers sacrifice a more quantifiable resource in order to travel—their personal time.

"The top 10 percent of travelers out there, your road warriors, are spending nearly four weeks of their personal time on a plane," said Gillespie, referencing flights before 8 a.m. or after 6 p.m. Monday – Friday, or any time Saturday and Sunday. These travelers also spend an average of 88 nights away from home and book nearly 90 percent of flight hours in economy class.

Gillespie continued, "[The road warrior] is saying, 'I'm so committed to your business, that I'm going to give [my four weeks of vacation] back to you, flight by flight.' That's a major commitment."

So what do employees really want from their travel programs? According to the survey, business travelers in cost-focused programs most commonly request non-stop flights when available; the ability to fly premium economy on domestic flights; flying business class on flights longer than six hours; easier expense reporting; and reimbursement and reimbursement for airline lounge membership, TSA PreCheck or Global Entry.

"Basically, they want more productivity," said Gillespie.

"When you ask travelers that are under traveler-friendly

policies, they have a very different set of asks. Their travel policies are already designed to improve productivity." Top requests for those in traveler-focused programs include paid time off after a long trip; the flexibility to work from home the day before or the day after a trip; and occasional two-week periods of work with no travel, spaced throughout the year. "These folks want to recharge," he said.

Quantifying Trip Quality

In traveler-focused programs, emphasizing the traveler's productivity and satisfaction generally results in higher T&E prices, as well as higher trip quality. To measure trip quality, Gillespie draws from two key metrics to create an objective "trip quality score," a blended score that takes into account the quality of business travelers' flights and hotels.

The first metric, flight quality, is based on the cabin and number of stops. The second component is a hotel quality rating, which can be determined by the hotel brand (or sub-brand). Luxury-class brands would receive a much higher score than economy-oriented hotel brands.

Gillespie calls for blending the flight quality score with the hotel quality rating to create an overall trip quality score.

"Trip quality is the key indicator of a traveler-focused travel program," said Gillespie. "As trip quality increases, so do traveler safety and price. But road warrior attrition and trip scrap rate, on the other hand, should decline. I believe the data clearly shows that higher-quality trips provide more value and productivity to the company."

Decisions That Make an Impact

Travel programs don't change overnight, but managers of these programs can start making small, conscious decisions that shift their policies from a cost-focused model to a more traveler-focused model.

Gillespie recommends starting with some of the most frequently requested trip factors. Some of these factors are relatively inexpensive to the company: paid time off after a trip, the ability to work from home the day before or after a trip, and more efficient expense reporting/reimbursement. But the most highly ranked factors among road warriors in cost-focused programs—non-stop flights, higher-quality flights and hotels, and reimbursement for lounge membership, TSA PreCheck or Global Entry—should deliver increased productivity and lower trip scrap rates.

"I believe the data clearly shows that higher-quality trips provide more value and productivity to the company."

- Scott Gillespie

Most Important Factors to Make Travel Easier/Better

When asked to rank 24 potential improvements in order of importance, no single option garnered more than 20 percent. However, the top-ranked improvements varied between those in cost-focused and traveler-focused programs.

Top Requests for Travelers in a Cost-Focused Program

1. Taking non-stop flights whenever they are available (20%)
2. Flying premium economy on domestic flights (16%)
3. Flying business class on flights longer than six hours (14%)
4. Easier expense reporting (11%)
5. Reimbursement for airline lounge membership, TSA Pre-Check, Global Entry, etc. (11%)
6. Ability to choose more comfortable and/or convenient hotels (11%)
7. Ability to book with a really good travel agent (11%)
8. Paid time off after a long trip or after a long period of frequent trips (11%)
9. Less need for using my personal funds, or quicker expense reimbursements (11%)

Top Requests for Travelers in a Traveler-Focused Program

1. Paid time off after a long trip or after a long period of frequent trips (15%)
2. Ability to work from home the day before or the day after a trip (14%)
3. Occasional two-week periods of work with no travel, spaced throughout the year at my choice (13%)
4. Taking non-stop flights whenever they are available (12%)
5. Flying business class on flights longer than six hours (12%)
6. Ability to choose more comfortable and/or convenient hotels (12%)
7. Something that makes travel easier on my family (11%)
8. Ability to book trips using any airline or hotel I like within a reasonable travel budget (10%)
9. Easier expense reporting (9%)

Honoring the most frequent requests of business travelers can have a significant impact on both productivity and attrition. The average road warrior estimated a substantial increase in productivity if given their top four choices for improvements. **When asked if the top four improvements would impact their willingness to stay with the firm, 64 percent said it would have a “very positive” or “extremely positive” effect.**

By investing in travelers’ safety, health and productivity, corporate travel managers will yield better retention, satisfaction and effectiveness. “Trip quality is a variable that you can choose,” said Gillespie. “That’s the dial that a buyer can choose to turn. When they choose to turn it up to buy higher trip quality, then yes, prices are going to go up.

“But,” he concluded, “it will buy better business impacts.”

To view the in-depth results of the road warrior study, which includes recommendations for corporate travel managers, visit <http://engage.arccorp.com/roadwarriors2016>

¹ The survey was completed by 757 business travelers, “road warriors” who spent 35 or more nights away from home for business travel during the past 12 months and make at least \$50,000 per year.

² “There Are Significant Business Costs to Replacing Employees,” a 2012 report from the Center for American Progress, can be downloaded at <https://www.americanprogress.org/issues/economy/reports/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees>.



The Airlines Reporting Corporation (ARC) is the premier driver of air travel intelligence and commerce in the air travel industry with leading business solutions, travel agency accreditation services, process and financial management tools and high-quality data. ARC settles \$86 billion in air ticket transactions annually for more than 9,400 travel agencies. Established in 1984, ARC is headquartered in Arlington, Virginia, with offices in Louisville, Kentucky, Tampa, Florida and San Juan, Puerto Rico. For more information, please visit www.arccorp.com and [www.twitter.com/arctalk](https://twitter.com/arctalk).



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American Express Global Business Travel (GBT) equips companies of all sizes with the insights, tools, services and expertise they need to keep their travelers safe, focused and productive while on the road. With approximately 12,000 employees and operations in nearly 120 countries worldwide, GBT empowers customers to take control of their travel programs, optimizing the return on their travel and meetings investments, while, more importantly, providing extraordinary traveler care.

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