



GLOBAL BUSINESS TRAVEL

PUTTING DATA TO WORK FOR YOUR LODGING PROGRAM

A travel buyer's guide





➤ Introduction

This paper is intended to help buyers and travel managers understand how data can differentiate their travel program and enable them to work more strategically, both within the organization and externally with suppliers.

Presented in a clear and compelling way, data can help travel buyers drive savings and improve compliance. It can allow buyers to monitor the performance of their program, and demonstrate value to the business.

As the travel buyer's role expands beyond negotiating the best hotel rates and managing policy compliance, data insights can support areas such as employee productivity and wellbeing. Here, data can allow buyers to identify and track patterns in traveler behavior to anticipate issues. Who among your employees appears to be always at the airport, checking into a hotel or driving thousands of miles to see clients every year? With data insights you can identify potential wellbeing duty-of-care risks before they become a problem.

It is becoming easier for travel buyers to access data of sufficient quality to deliver meaningful insights. Global hotel brands, and travel management companies (TMCs), are investing heavily in data and analytics – and travel buyers can increasingly use data to explore how their whole program is performing, while identifying ways to further reduce costs and improve traveler experience. Equipped with these data insights, travel buyers will also be ideally positioned to build stronger relationships with key corporate functions, including Human Resources (HR) and Risk Management.



➤ For analysis of the factors impacting hotel prices at regional, national and city level, download the American Express Global Business Travel (GBT) Hotel Monitor 2020 [here](#).



What data does a travel buyer need?

The world is swimming in data, and there is more all the time. It is estimated that more than 2.5 quintillion (10^{18}) bytes of data are created every single day: by 2020, 1.7MB of data will be created every second for every person on earth.¹ The sheer volumes are overwhelming.

In order to derive value from data insights, travel buyers need to know what data is meaningful and relevant to their program and their stakeholders. This is smart data that you can use to optimize your program or achieve any other objectives.

To gain full transparency on hotel spend, you will need to gather data from a range of sources. Internally, from expense and finance systems, and externally from the TMC, hotel providers and payment card providers.

What data does a TMC need?

It's particularly important that your TMC has access to meaningful data so it can support the travel manager and the program. Relevant spend data includes payment cards, supplier invoices and travel expenses, referenced against fields such as cost center, project code, purpose and business unit. With this overview, the TMC can identify areas where it can add value to your strategy and may even provide solutions to problems you don't know you have.

What are the main types of data?

1. **Descriptive:** simple data and reporting that outlines the most basic information, such as what travel has occurred and/or is currently being planned or happening. For example, traveler A is booked on a flight from LHR to JFK on Wednesday, and also staying in a hotel for two nights.
2. **Diagnostic:** data which explains why a situation has occurred.
3. **Predictive:** using past data to forecast potential future trends/costs.
4. **Prescriptive:** this is data you can use to understand the potential outcome(s) from a particular scenario. For example, how many employees will be traveling to the US from UK in September, and what other services will they require? You need the data described above to find the answers.





› Deploying data in your program

This section explores the ways travel managers can put data insights to work to optimize their program. This includes negotiating supplier contracts, improving internal reporting, and managing traveler behavior to drive travel policy compliance and support wellbeing.

Make your message clear

Every day we are bombarded with data and it can become confusing – the important thing is to start simple, presenting relevant data in a format your stakeholders will understand and engage with easily. Using visualization, you can make your data and, most importantly, your *message* stand out and be understood. Think of maps: people have created and used maps as essential tools to help them define, explain, and navigate their way through the world. Good maps make it easy for you to find your way – they show only the relevant information, and clearly signpost the most important details.

As a travel manager, you need to do the same to make sure your reports, and the message you are delivering, are just as clearly understood. Understand your audience and present the data accordingly. Don't restrict yourself to spreadsheets and numbers: use these when appropriate but look at other ways to engage people. Simple graphics and illustrations can be very effective in getting your message across.



Dashboards are another way to provide a consistent and clear picture of the travel program, allowing you to show key performance indicators (KPIs) against targets, and opportunities to reduce costs or improve traveler experience. The dashboards must be relevant and allow the reader to use the report to meet both their current and longer-term objectives. You don't necessarily have to develop these from scratch: some TMCs offer both bespoke and ready-made dashboards, an example being the Peer Travel Insights tool from American Express GBT, which includes a traveler wellbeing dashboard.



Optimizing supplier contracts

Supplier negotiations is an area in which deploying data insights can be useful. With these insights, buyers can evaluate pricing options. Would dynamic work better than fixed pricing? Are there locations where your volumes have either dropped or travelers visit infrequently, or where supply outstrips demand meaning prices are still dropping?

By using data, you can be far more strategic with your approach to pricing. Say you've done a deal with hotels in a given location, based on a volume of 6,000 room nights. After Q2, you evaluate actual volumes against forecast and find you are significantly down. This should be your signal to start asking questions: what has caused the volumes to fall? Has, for example, a client project ended or contract not been renewed? If so, you need to engage with your TMC and key hotel supplier(s) to discuss, and agree on, pricing changes, such as moving to a dynamic pricing model. This is an agreed discount off BAR (Best Available Rate), typically between 10-30% depending on your overall spend and program size. Dynamic pricing is particularly useful when you have ad hoc requirements, or volumes in particular locations do not warrant a fixed price. Finally, check whether there is scope to reduce your room allocation to fit your actual demand.



Conversely, the data may reveal locations where your volume requirements are increasing, or where you are experiencing leakage. Again, these are prompts for you to ask questions, and the answers will help you identify the best approach to take for your program and your travelers. Having the relevant data at your fingertips makes your supplier relationships far more strategic and beneficial to both parties, and will really differentiate your organization in a positive way.

Data means travel managers are not restricted to looking at standard KPIs, such as the number of room nights or average room rates. It gives you scope to understand and influence traveler behavior, identifying patterns and opportunities to change. The right data, combined with knowledge about why people are traveling, is key.

For example, analyze your top 20 travel routes and hotels, segmenting travelers according to whether they are attending internal meetings or meeting with customers or suppliers, and identifying costs for internal versus external meetings. What opportunities are there to reduce travel (and improve traveler work-life balance) by using alternatives such as virtual meetings? If face-to-face meetings are required, these can be held on cheaper days (Monday and Friday are often cheaper than Tuesday and Wednesday). Using dashboards to present relevant data in a compelling way helps key stakeholders identify opportunities to reduce costs without impacting employees.

Understanding average booking windows on hotels can make a significant cost difference, especially where you don't have fixed prices and/or LRA (Last Room Availability) in the hotels where your travelers want to stay. Note: when hotel occupancy reaches 75%, a hotel will

usually review the BAR rates, leading to higher costs for your organization. If you are operating a price cap, your employees will not be able to book certain hotels, leading to resentment and potential leakage through booking direct. Again, communication is essential. Work with your key stakeholders and travelers, educate them on how early booking can make everyone's life easier: the traveler gets to stay in their preferred hotel, and the organization secures accommodation at the best price.

Data insights help you challenge how things are done, and allow you to offer alternatives. Benchmarking and data science complete this strategic approach, enabling travel managers to bring together complex strands into one structured plan. This ability will help position travel managers as strategic allies to the business: people who provide answers to questions the business doesn't know it should be asking.





Using data to support employee wellness

Today, most organizations prioritize employee wellness and aim to support their employee's healthy lifestyle choices. However, the business traveler's lifestyle can make it difficult to maintain wellness. Irregular sleep patterns, combined with frequent travel across time zones, are physically demanding. Travel hassles, such as delays or security procedures at airports, can add significant stress.

The immediate consequences of this kind of lifestyle may be limited to jet lag and tiredness, which can dent productivity. Over the longer term, sustained stress could lead to more significant damage to health and morale.

With access to good data, travel managers can make a big difference on traveler wellness. Identifying frequent travelers, and aiming to provide good support in areas such as diet, sleep, and managing stress, will have a positive impact on the individual traveler, and drive good engagement and compliance with your travel program.

Data allows you to identify which hotels your frequent travelers use most. You can then work with these suppliers to improve traveler support, making sure your travelers have access to healthy food, fitness options and can get a good night's sleep (don't book them into rooms near lifts, or in noisy areas of the hotel).

Check that the OBT is user-friendly and highlights key services and options available at hotels to support traveler wellbeing.

Data can help you identify individual employees who travel intensively, and who may require extra support. Ask questions: why are they traveling so much? Is there a link between general health and absence issues for frequent travelers? If so, work with your key stakeholders to develop solutions to support these employees.

Don't forget that qualitative data can give you valuable insights into how travelers feel about your contracted properties. You can gather this information from your own travelers, or from the general population via review sites and consolidators. Adding this flavour to the evaluation will support compliance with the program.

Understanding and guiding travelers

Data insights can make compliance with your travel program easier to manage. Dashboards, populated with the relevant data inputs can provide a 360° overview on traveler behavior, helping travel buyers engage inside their organization to understand and manage non-compliance.

Remember, that data will only tell you so much. Travel managers need to use the data to ask the right questions. For example, why does employee A continually book their hotels and flights late, meaning they lose access to lower cost fares and possible hotel rooms? Don't just assume this is bad behavior on the part of the traveler. It could highlight an issue around how work is managed, or the traveler may be in a role that is very reactive, making it difficult to plan ahead. Look at how you and your TMC can support these travelers to improve their experience and optimize travel costs.



› What does the future hold?

Data and analytics will continue to improve and offer travel managers more opportunities to drive innovative solutions. Some examples include:

- **Real-time data:** the ability to access data on travelers as they travel, live updates on costs hour-by-hour, CO2 emissions, changes to itineraries, etc. This is becoming a reality and can be extremely useful.
- **Bespoke solutions:** the ability to use data to develop completely bespoke solutions for clients. An example could be an airline agreeing on turnaround times for guest rooms used by its crew, meaning the hotel can re-sell the rooms to other travelers later the same day.
- **Build your own:** by building in Application Protocol Interfaces (APIs) to connect with suppliers and travel systems, travel managers will be able to access data, in their preferred format, when they need it.

Thinking about the future, it's important to keep focused on forward trends and forecasts: these can provide an early warning system to identify cities where deal gaps are emerging, or where travel patterns are changing. As well as allowing you to anticipate issues and respond rapidly, forecasting can reduce pressure in the busy sourcing season by allowing you to move to off-season and ad hoc sourcing for non-critical locations.

What about M&E?

Having the right data means combining your meetings and events (M&E) program with your hotel and wider travel program and policy is absolutely possible. Start with identifying what suppliers you use for M&E and where else they are used – key to this will be hotels used both for events and transient travel.

- Do you have an M&E policy? If not, work with your TMC to develop a clear and consistent policy aligned with your travel policy.
- Make sure you own M&E alongside travel, to fully influence and drive value to your organization.
- Use data to identify meeting profiles: what style of meeting room do you need, how many attendees, what are your key requirements for a location? Are the meetings internal or external? What days of the week are best in terms of both cost and availability? Moving meetings from Tuesday or Thursday to Monday and Friday can deliver big savings, and mean better availability in busy locations.
- Reduce hotel attrition by consolidating travel and M&E: large-scale events can result in significant levels of guest room cancellations. With timely data you can effectively match cancellations with transient business travel requirements in the area.
- Look to optimize M&E spend with other travel spend. For example, identify your overall spend on meeting rooms, guest rooms and food & beverage at a given venue. Use this insight in negotiations to reduce costs and achieve extra amenities for meeting attendees.
- Merging M&E with your travel program can give you a single view on security and duty-of-care risks, helping you improve the management of these risks.

For more on aligning travel and M&E policies, see [Integration and optimization](#), a case study on converging a global travel and meetings program.



» Challenges

To get meaningful and useful data insights, you need access to consistent data. In the past, consistency has been an issue. For example, Joe Smith stays at a hotel on a Monday and then again on the Thursday but depending on how the bookings were made (one booking may be made via the TMC booking portal, the others may still be made via the TMC, but using an online travel agency, Joe Smith may show up as two separate travelers, Joe Smith and J Smith, meaning the travel buyer is not given the true picture.

Solutions are now available to help travel buyers achieve data consistency. [Neo, for example](#), is integrated with the Supplier Management Platform from American Express GBT to aggregate inventory from different sources. Travelers can have access to the content that they want (and expect) to see in the booking channel of their choice, while travel buyers are given data in the format and structure they require.

Be aware, reporting can differ from one hotel brand to another: some will report in US dollars, others in the local currencies; some will report using quarters based on calendar year, others in their own financial year. Be clear what format and time lines you require, and check that all suppliers meet them. Getting the basics right from the start will pay dividends.

Take ownership and control by using data to develop stronger, more strategic relationships with ALL of your suppliers. Using data and looking at the questions it poses leads to better engagement both internally and externally, and with existing and new stakeholders.

- Look to bring key stakeholders together and work with them to understand the specific and wider business objectives, challenges, opportunities and priorities.
- Gather as much data as possible from the various sources available to you, from transactional data via your TMC, payment card providers and finance teams, to hotel suppliers.
- If your organization has an internal resource, engage with them and understand what support they can provide. If required, look at using external resource. Don't underestimate that data and analytics can be very time consuming.
- Once you have the data in the format(s) you feel are right, review with the key stakeholders. Amend and align as required, and agree when you will issue your reports.
- Make sure that employees are recognized for good behaviors and supporting agreed objectives.
- Always meet the General Data Protection Regulation (GDPR) requirements.

Finally, once you have put your strategic, data-driven sourcing regime in place, it is important to make sure that contracts are correctly implemented. A simple "one and done" contract load check is important but you also need to use a more dynamic approach to monitor which hotels are making your rates available, check that your travelers are being offered the right room types, and prevent non-preferred hotels from getting into the program.

For more advice on sourcing hotels and how to build a better hotel program see [How to build a better hotel program](#).



› Is this the end of the annual RFP?

Will having consistent data and reporting finally mean travel buyers can reduce – or even end – the many hours spent each year issuing, reviewing and negotiating the annual hotel RFP?

With better access to data, understanding of volatility and volumes, and control, you can agree pricing for longer periods than the standard one-year term. You can see what's working, and what's not. Equipped with these insights, you can make better decisions. You could, for example, restrict the RFP process to locations where you have less local background data, or to strategic locations.

In areas where you have good data from your hotels you can explore alternatives like dynamic pricing, or consider offering travelers non-traditional lodging options, such as serviced apartments and homestays.



Using data, you can control the RFP, rather than the other way round.

But be aware that getting the best deal for your travelers and your spend is about more than data. As with so many aspects of supplier relationships, everything hinges on communication. Make sure you are engaged with the hotel, so it is aware of the evolving requirements of your business. Hotels may build in rate increases in Year 2 rates to offset any perceived risk in Year 1. Also, depending on Year 1 volumes achieved versus target, rates for the second year may not hold.

Finally, be mindful that all key hotel suppliers need to agree to this strategy, otherwise you will need to issue an annual RFP.



› Top tips for putting data to work

Data, presented in a clear and compelling way, will drive savings and compliance and allow you to demonstrate the whole value of your program, internally and externally. Equipped with the right data insights, you can differentiate your program and work more strategically with stakeholders. Here are seven top tips to help travel buyers and managers put data to work for their corporate lodging program:

1. Make sure you understand the four types of data: descriptive, diagnostic, predictive and prescriptive and how to analyze them.
2. It's important to present data in a format that is easy for your audiences to understand. Think about using graphics and visualizations to make your message more compelling.
3. Don't forget to look at what opportunities are available from utilizing combined M&E and accommodation spend with hotel suppliers, as well as other benefits such as reducing hotel attrition.
4. Data can help you understand the factors that shape traveler experience. Think about how you can use data insights to improve traveler experience, thereby driving travel program compliance and reducing leakage.
5. Employee wellness is at the top of the corporate agenda: explore how you can use data insights to identify issues among your travelers and drive effective support solutions.
6. Engage key stakeholders – including HR, finance, sales and operations – to agree the definitive data and reporting strategy for your organization. This will include the key deliverables for each stakeholder. Use all the available data to generate clear and relevant dashboards (your TMC should support you) and issue them regularly.

7. Evaluate critical findings from the dashboards and propose solutions to your key stakeholders. If you can provide answers to problems they don't know they have, you will increase your credibility.

This is the ideal time to put data to work. Increasingly, suppliers are making the relevant data available. Reporting and dashboard templates can help you present your data to give a compelling message to your stakeholders. A wealth of advice and support is available, including from TMCs and consultants, to help you harness those data-driven insights to optimize your program.

References

- 1 www.socialmediatoday.com/



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