THE TRUE COST OF BUSINESS TRAVEL

HIDDEN AND INTANGIBLE COSTS OF BUSINESS TRAVEL PROGRAMMES

ATLAS

Reinventing Business Travel

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THE REAL COST OF BUSINESS TRAVEL
HIDDEN AND INTANGIBLE IMPACTS ON BUSINESS TRAVEL PROGRAMMES

WHAT YOU'LL LEARN

▪ New ways to save money and control costs within your company's managed travel programme

▪ How technology can manage the expectations of modern business travellers (save time, increase satisfaction + drive policy compliance)

▪ Useful money-saving booking tips and best practices for managed travel programmes

Companies with mature travel programmes are close to maximising the savings they can gain from travel suppliers. At the same time, there is a heightened expectation among corporate travellers and the mobile workforce to be able to use travel tools similar to those they use to manage their personal travel.

The convergence of these subjects – finding new or lesser known ways of saving money and controlling costs while supporting the technology expectations of modern business travellers – is the subject of this eBook. It also highlights productivity costs, intangible costs, and monetary costs of business travel, as well as tips to getting the most out of corporate travel spend in this new environment.

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> "Using Atlas Travel Smart Solutions has increased the visibility of all our travel costs and helped us target specific areas where we can **reduce our upfront and 'hidden' spend**. In relation to hidden costs, the online booking tool has had a **particular impact on reducing the time** bookers and travellers have spent obtaining competitive quotes, as the **online** flight matrix and the comprehensive hotel search facility provides more than enough options with a few clicks of the mouse.
>
> *Nuala Moloney*
> *Travel Manager*
> ESB International

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PART 1: MANAGING THE PRODUCTIVITY COSTS OF BUSINESS TRAVEL

A classic measurement of productivity relates output to the labour hours used in the production of that output for business and manufacturing sectors.

Measuring productivity for business travel is trickier and includes many variants, but for our purposes "productivity" in business travel will be conversely measured as hours and time lost (inefficiency), particularly in the business travel planning process.

Online Booking and Productivity

In 2015, the online channel accounted for half of all corporate travel bookings. But global economic uncertainty brought greater emphasis on cost-cutting, and more companies began to insist that employees book their air, car and hotel online to save money. In addition, mobile and tablet apps have quickly gained popularity, as companies seek to accommodate their travellers' preferred modes of behaviour. As a result, online corporate travel bookings have grown significantly, and are expected to increase through 2018.[1]

Online booking tool adoption — and the subsequent productivity value of quick and inexpensive self-bookings — decreases when travellers can no longer access the best fares or have to check more than one booking source.[2]

The advantages of an online booking tool include significantly lowered transaction fees compared to booking with a live agent, the ability to enforce policy through embedded controls in the tool and visual guilt, cost savings as a result of increased use of preferred suppliers, and the data to drive further supplier discounts in negotiations. But the most obvious benefit of a good online booking tool is the time savings (hours saved) when booking travel, or managing corporate travel. The ESB, the energy giant, reported saving four weeks a year of travel management hours thanks to its online booking and travel policy tools.[3]

[1] GBTA, 2016.
[2] The Hidden Cost of Fragmentation (PhoCusWright, April 2011). [3] ESB Case Study

" it [the booking tool] is extremely slow…any money spent by using the online booking tool is more than spent in the time it takes to make a reservation. sometimes, i've spent a couple of hours researching various options. i go to the airlines websites to look at flight options because the booking tool is so user-unfriendly. It doesn't provide the hotels that I put in the criteria.[4]

[4] GBTA, (dis)satisfaction with TMCs and SBTs: research and remedies (July 2016)

Poor User Interface and Design of Online Travel Tools Lowers Productivity

How long does it take your business traveller to book a trip? How much training did it take for them to learn the booking tool itself? How many phone calls did you receive asking for help?

To keep things simple, we'll measure productivity costs for business travellers or travel managers as time (hours) lost. Note that this definition could also apply to opportunity costs (what they gave up to work on something else), but for our purposes:

HOURS WASTED
(Travellers or Travel Managers)

×

AVERAGE WORKER COST

=

PRODUCTIVITY LOSS

Traveller productivity erodes when travellers are forced to spend unnecessary time completing their travel booking process. Travel manager productivity also erodes when they're forced to lend support, unnecessarily again — to the struggling traveller. These lost hours — for example, in losing 160 hours a year managing their travellers and their bookings — are often attributable to a poorly designed, unfamiliar, unintuitive user interface of the booking tool itself. In this scenario, for a lot of travellers, it's simply easier to pick up the phone and call the travel manager for support or to even book their own trip — more lost hours for both sides.[5]

The cost of this lost productivity should not be underestimated. Before moving to a new online travel booking platform, several managers at MW Group reported they were spending at least 25 percent of their work week just approving and managing their employee's travel — time that could have been well spent on other work duties.

An employee at MW Group spent 25% of every work week managing employee travel

25%
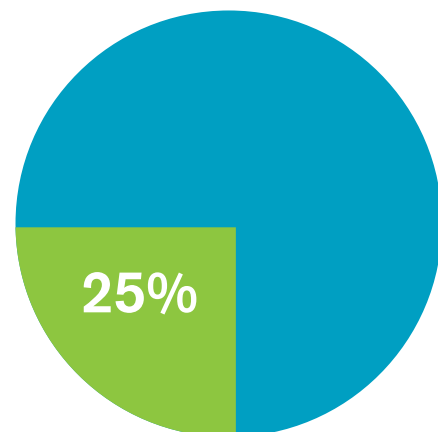
[5] Harvard University Case Study (August 2015).

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> The ESB. has realised savings of €125,000 (a 32% reduction), increased online adoption from 30% to 72% and reduced the number of hours needed to manage the travel programme by 50 hours per week.

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Fast downloads and content choice leads to More Productive People

If an employee is forced to use tools that take a long time to load, are provided with limited inventory, and require more than just a few clicks to book their travel, productivity will take a hit.

The technology behind the site is key in getting the right information to travellers, quickly. Travellers should be able to type in any city, address, company location, etc. into a single search box and find what they're looking for in seconds, culled from a huge inventory list. For example, the technology for booking air travel should analyse scheduling, availability, and pricing data for every flight route from and to every airport, flown by every carrier, 24 hours a day, 365 days per year — and then deliver thousands of priced itineraries per request, in seconds.

And again, the online booking tool must be intuitive and include a recognisable interface makes new users immediately comfortable. It should be similar to booking sites they use for leisure travel, while being familiar and easy to navigate.

30%

Online Travel Booking Adoption Rate Pre Atlas Travel AdoptionAcademy

72%

Online Travel Booking Adoption Rate Since online solution implemented by Atlas

ESB

△ **€125K** Savings After Using Atlas

32% Reduction in Travel Costs After Using **Atlas**

ESB

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> "
> Technology-based service[s] **enhance[s] traveller satisfaction** within the company, allowing the business to concentrate and **improve the higher level aspects** of our travel programme.

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PART 2: Managing the intangible costs of Business travel

Tangible costs include salaries and wages, leases, operational inputs, employee medical benefits, transportation and commercial insurance.

Intangible costs are less easily measured. Some key and common intangible costs might include a drop in employee morale or dissatisfaction with working conditions or business tools. Intangible costs result from an identifiable source, but the costs are often not predicted. They may occur after a new practice or policy is put into effect.[7]

For our purposes, the definition of intangible costs relates to the business traveller perception (or lack thereof) that their company is giving them the best tools and support when travelling on business.

Perception is Reality

Employees 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.

This cost is difficult to quantify — it relates more to job satisfaction, and confidence that an employee's company is giving them the best tools and support when they travel. It is based on the modern traveller's expectation that when booking travel — like anything else they do on the internet — should have certain tools available and easily accessible in one place. Conversely, it reflects poorly on your programme (and by proxy, your TMC) if these smart technology tools are unavailable, leading to frustrated and ultimately unproductive travellers.

> " Using this travel management technology, we cut our pre-trip approval process from **15 minutes to** less than 60 **seconds.**
>
> *The ESB*

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Personalisation Goes a Long Way

previous research has found that personalisation technologies are powerful means to handle information overload, to make websites more useable (i.e., better user satisfaction), and to help businesses establish personal relations with their customers or employees.[8]

a custom approach to developing corporate travel solutions ensures your programme and launch will be well received by providing your travellers with technology personalised to match your company's unique travel patterns and individual group policies. a travel management company can create a website that integrates your travel policy settings, payment preferences, customised search features, business rules, and more — anything to streamline the booking process and improve productivity.

Your travellers can further tailor the solution by incorporating their own personal details, such as seat preferences, loyalty programme information, and emergency contacts into their individual profiles. and as a travel manager, you will have online access to your website and complete control in managing your travellers and policy, as well as the ability to monitor your programme around the clock.

[8]ITM Study: The Effect of Personalisation on the Perceived Usefulness of Online Customer Services:

Great Travel Tools Make Travellers Happier

in terms of intangible costs, what are even harder to measure is whether a traveller is "happy" — and whether that happiness is related to job satisfaction and job productivity — although there are those who have tried. a recent study found that employees are happier, especially when they perceive "that the company environment supports them." [9]

it doesn't need to be repeated that business travel is demanding. long hours, late nights, security lines, infrequent meals, time away from family — all can sap the energy and drive for even those with the strongest constitutions. however, knowing that their company supports them with the best possible tools for travel can have a positive impact on morale by demonstrating to the traveller ways they are taking their well-being seriously. This includes automatically providing travellers with critical travel information (such as storms i.e. Ophelia, closed airports, etc.) before and during their trip. it means providing a broad range of hotel, air, car and rail inventory combined with intelligent search and filter tools make it easy to find the right travel choice, all while seamlessly — and painlessly — integrating your company's travel policy and negotiated rates.

speaking of policies, consider your travellers and their travel demands. an inexpensive airline trip with multiple connections and stopovers may immediately save on the bottom line, but at what intangible cost? Consider setting a 'forgiving' policy that allows certain travellers, for example, especially the true road warriors, to take direct flights — which could serve to make the employee happier, increase their job satisfaction, and make them more productive at the destination.

Mid-Sized Company of 1000 Employees

10% Turnover

€7.5M
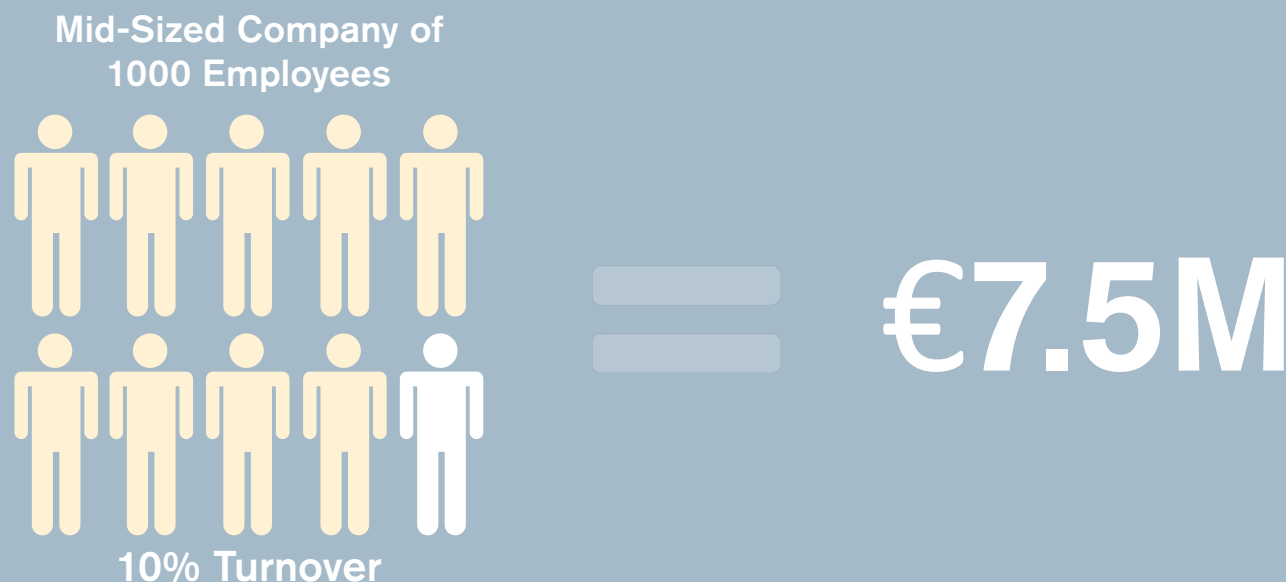
Keeping travellers happy can also tie into staff retention or associated costs businesses may face due to staff turnover. The very real cost to a business due to employee turnover can be enormous. To put it into perspective, assume the average salary of employees in a TECH company is approximately €50,000 per year. Taking the cost of turnover at 150% of salary (based in part on recruitment, re-training, productivity costs, and lost sales) the cost of turnover is then €75,000 per employee who leaves the company. for the mid-sized company of 1,000 employees who has a 10% annual rate of turnover, the annual cost of turnover is €7.5 million[10].

[9] Forbes, "a happy Workplace really is Crucial", april 2015.

[10] William Bliss, "Cost of employee Turnover", www.isquare.com, 2016.

Get Your Travellers to Comply — But Be Gentle

Companies that have managed to reach the high adoption of their travel policies have done so by establishing strong mandates with a reminder of non-reimbursement, or by using technology to make it easy for travellers to use the approved process. Travel managers can preload their lists of preferred hotel properties, pre-trip approval processes and available fare classes — and require specific forms of payment — into an easy-to-use booking tool available to employees. out-of-policy exceptions can be identified as they occur.

But there are other ways to gain compliance beyond enforcement or technology — methods and activities that are likely to result in pulling your travellers together to embrace your travel programme:

COMMUNICATE	EDUCATE	COMPETE	OFFER
Communicate to travellers what the company stands to gain in adopting the new policy, whether it is a goal of financial savings, traveller safety and security, or simply better management.	Educate your employees on the benefits of adhering to your travel programme, and give recognition for policy compliance.	Try a competition between departments for the lowest travel spend, greatest usage of unused tickets, or most in-policy bookings. Be sure to enlist the help of an executive champion to raise visibility of the competition.	Offer an incentive for the winning department in addition to bragging rights. The winning department might celebrate with a free lunch or some other perk the whole department would enjoy.

THE REAL COST OF BUSINESS TRAVEL: A CASE HISTORY

Continium, an innovative, international fintech company, found that their offline travel programme was failing to meet the needs of the company's staff. due to the lack of an online solution, the organisation's travellers were becoming frustrated by poor visibility of travel options, and the difficulty they faced if trips needed to be amended or cancelled.

due to the intuitive, consumer-focused design of Atlas's online booking tool, it was immediately utilised by Continiums travellers. The familiar, leisure-style booking experience encouraged uptake, with users enjoying the control, visibility and flexibility they gained from integrated products such as booking.com and Atlas's mobile app — they could now make the most informed choice for their trip. assigned agents continue to provide Continiums's travellers expert advise and assistance for any complex or unfamiliar bookings.

The functionality of OUR technology was also utilised by Continium's management team. Customisable reports, automated compliance controls and pre-trip approval provided the company's Travel managers with greater insight and control over their travel policy. Traveller tracking and travel alerts also enabled Continium to better anticipate risk and ensure duty of care to travellers.
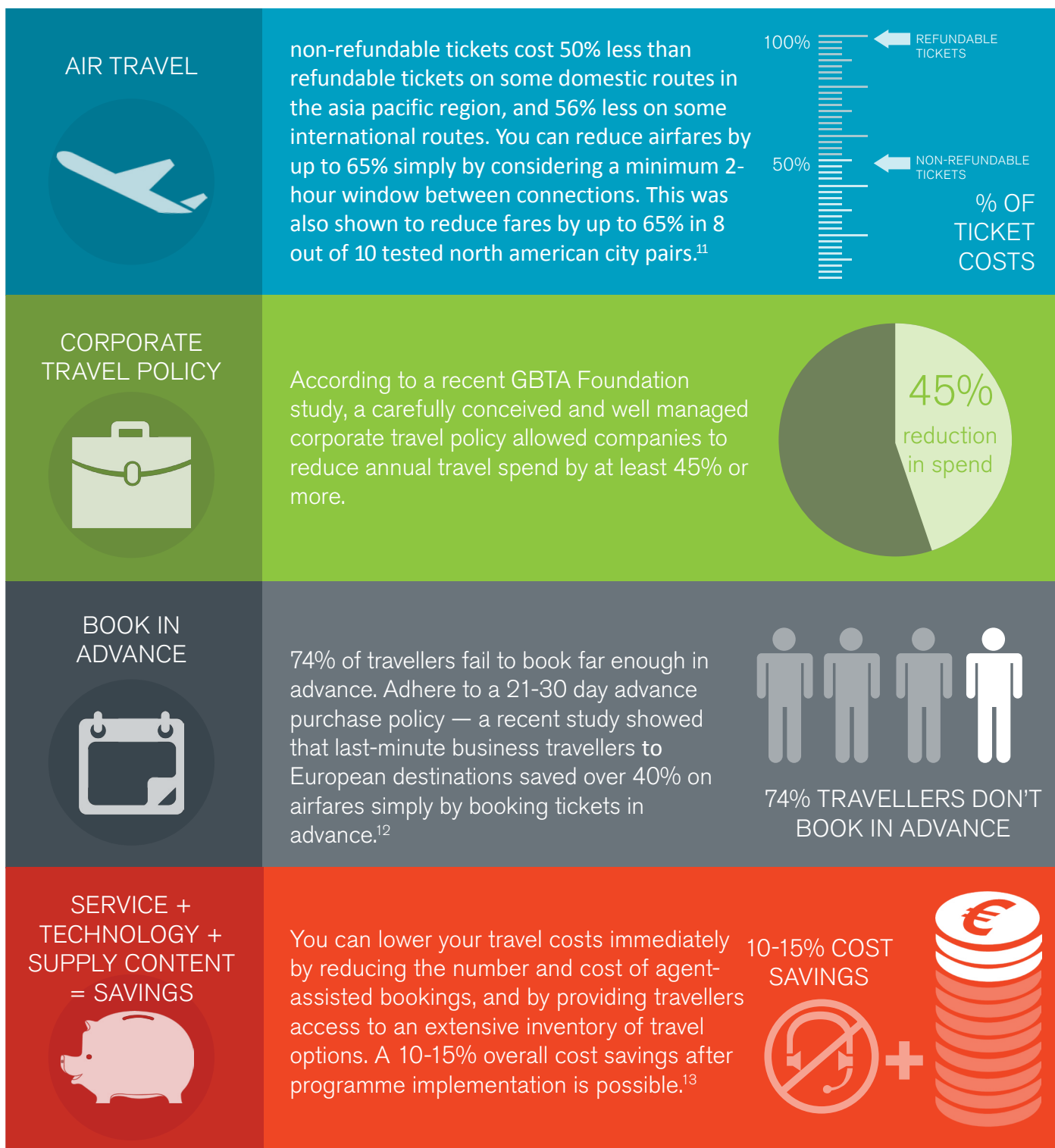
TRAVELLER TRACKING + TRAVEL ALERTS = DUTY OF CARE

PART 3: MANAGING THE MONETARY COSTS OF BUSINESS TRAVEL

These costs represent the 'classic expenses' of business travel — airline ticket prices, hotel rates, and so forth. There are still opportunities to save on these costs by doing the following:

AIR TRAVEL

non-refundable tickets cost 50% less than refundable tickets on some domestic routes in the asia pacific region, and 56% less on some international routes. You can reduce airfares by up to 65% simply by considering a minimum 2-hour window between connections. This was also shown to reduce fares by up to 65% in 8 out of 10 tested north american city pairs.[11]

100% ← REFUNDABLE TICKETS

50% ← NON-REFUNDABLE TICKETS

% OF TICKET COSTS

CORPORATE TRAVEL POLICY

According to a recent GBTA Foundation study, a carefully conceived and well managed corporate travel policy allowed companies to reduce annual travel spend by at least 45% or more.

45% reduction in spend

BOOK IN ADVANCE

74% of travellers fail to book far enough in advance. Adhere to a 21-30 day advance purchase policy — a recent study showed that last-minute business travellers to European destinations saved over 40% on airfares simply by booking tickets in advance.[12]

74% TRAVELLERS DON'T BOOK IN ADVANCE

SERVICE + TECHNOLOGY + SUPPLY CONTENT = SAVINGS

You can lower your travel costs immediately by reducing the number and cost of agent-assisted bookings, and by providing travellers access to an extensive inventory of travel options. A 10-15% overall cost savings after programme implementation is possible.[13]

10-15% COST SAVINGS

[11] Cost avoidance strategies,

[12] Cost avoidance strategies. Analysis on Dublin - London route.

[13] Benchmark analysis of 50 GBTA customers (travel spend and fee savings).

> "We moved 150 travellers to an online booking tool. The main thing **we saved was time** — crucial to the productivity of employees and which continues to translate into **thousands of dollars of savings** for the company.
>
> *Perrigo Pharmaceutical India*

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Summary

Travel management is changing as businesses are evolving to meet the needs of growing mobile workforce, along with travellers' perceived expectations of how and when, and on what device, they should be able to book travel. in terms of cost savings, it is also changing because travel programmes today are close to maximising the savings they can gain from suppliers. however, there still are opportunities to save by looking at the hidden costs of business travel and travellers — productivity costs, hours lost due to poor or inefficient booking tools, and intangibles such as traveller/employee satisfaction can all have a real impact on the company bottom line.

By being aware of these hidden costs and other intangibles, travel managers can see the whole picture of business travel from the traveller perspective, streamline costs even further, and gain exceptional buy-in to their travel programmes and policies from travellers who now expect booking their business trip to be as easy as booking their next holiday — and on their device of choice.

About Atlas Travel

We are an Irish-owned and managed company who have been recognised by Deloitte as a "Best Managed Company 2017 & 2018" and have been voted "Best Corporate Travel Management Company" in 2015 & 2016 by the Irish Travel agents association. We look forward to working with you to meet your needs now and into the future. We have extensive experience of working with customers to facilitate transition to a new service and we would relish the opportunity to manage your travel programme. Experience the Atlas Travel difference for yourself. Visit www.atlas.ie or call 01-2412337

Reducing Costs in Modern Business Travel: A Checklist

- ☑ Online booking tools must be easy to use
- ☑ Online booking tool should include embedded policy tools
- ☑ A well-managed corporate travel policy can reduce annual travel spend by at least 45%
- ☑ Fast downloads and content choice leads to more productive travellers
- ☑ Fast downloads and content choice can lead to a 10-15% overall travel programme cost savings
- ☑ Smart travel tools – available on any device – leads to "happier" travellers
- ☑ Personalisation leads to more satisfied travellers
- ☑ Business travellers for European destinations can save over 40% on airfares by booking tickets in advance