

Introduction.

As travel slowly returns from the Covid-19 Travel Bans it is important every company has a plan or strategy to return to traveling. Outlined below are the “Four Key Areas” CTBR is recommending our clients focus on as they return to traveling.

1) Usage Control

How much do you really need to Travel? The past several months has taught many companies how to conduct business without travel. CTBR is recommending that all companies leverage what they learned during this past several months to control usage (Do more with less travel), because a return to travel will not be the same. Sure, travel will return because it is a key requirement to growing most businesses, including client development or retention. However, how we travel will change in the short future and the total cost impact per trip will be greater in the long run.

Air and Rail Travel.

- New health screening processes at the airports and train stations (arrival and departure) will increase the direct costs of travel (new costs for air/rail travel supplier to offset), while also increasing the indirect costs of air and rail travel “Time” (Traveler productivity and fatigue per trip).
- Airlines and trains will reduce seating configuration to comply with new health – social distancing standards. Reduced seating configuration will provide more comfort to travelers, while increasing base ticket prices and creating supply challenges, especially in secondary markets and during common travel periods.
- Personal automobile or local car rental may replace historical air and rail trips of 200 – 500 miles by providing a safer mode of transportation and sometimes the only or best travel option.
- Private or Executive Aircrafts will also become more in demand.

Hotel/Lodging.

- New sanitization processes and guidelines will vary greatly by hotel chain and even property.
- Available room inventory (Supply) will also be restricted by hotel property and destination.
- Due to both items above, the average room rates will quickly increase in 2021.
- Hotels with mobile Check-in/Check-out services (front desk bypass) and mobile-keyless entry rooms will become a safer or preferred option by travelers.
- Individual hotels, regardless of chain affiliation, are largely owned by private business entities and hotel management companies. Some will be filing for bankruptcy protection or fail to properly maintain their hotels during the travel bans. New site inspections are required before promoting as a preferred hotel.
- Some travelers may feel safer staying at family and friends, versus hotels. For others, their family and friends may not want someone who travels regularly visiting them
- Will the use of Airbnb, VBRO and other alternative hotel solutions continue to be an approved corporate option?

Ground Transportation

Car Rentals will likely regain their status as the preferred mode of travel for ground transportation by offering a safer (sanitized) and control environment than car riding services (Uber and Lyft), Taxis, Shuttles, and other public transportation.

Continued from above “Ground Transportation”

- *Preferred Car Rental services that offer counter bypass services for pickup and drop off will be the required standard solution for every business traveler.*
- *If travelers begin to drive versus flying or using rail for trips of 200 – 500 miles, Car Rentals will provide a lower cost option than personal automobile reimbursement.*
- *Supply issues will occur as car rental companies will be prudent to scale up their fleets.*

Entertainment and Events

Meeting or entertaining clients during a business trip will change.

- *Will gatherings at public places (Restaurants, Sporting Events, etc.) still be acceptable?*
- *Private meeting spaces at hotels and restaurants will become a premium.*

2) Policy & Corporate Liability.

Travel Policies will take on a whole new meaning or purpose with increased corporate liability and risk.

- Travel Policies should be more closely monitored or controlled by Human Resources and Legal. For example, sending employees on the road in the short term will take on a new level of corporate risk starting with should someone be traveling? What if someone does not want to travel? And, increased liabilities for their safety, exposure and health while traveling.
- Will travelers self-quarantine (work from home) after a business trip before returning to work with their peers at a local company office?
- Does your company have the proper insurances and tested SOPs to protect and monitor travelers while on the road, especially overseas?
- You will need to develop practices to more frequently survey and communicate with your travelers, while closely monitoring industry trends.
- Requires new processes to leverage information above to quickly refresh and update policies.

3) Sourcing/Supplier Management and Negotiations.

Most Air, Hotel, TMC and Car Rental suppliers will be quick to temporarily renew or tender short term savings or discounts. However, by 1Q – 2Q 2021, base rates will quickly and drastically increase to offset their new layers of operating costs, reduced demand, and a likely consolidation of competing suppliers in many markets.

- From a Sourcing perspective, you will need to take a triad approach of; (i) validating financial sustainability of each preferred supplier; (ii) verifying if each preferred supplier satisfies the new safety/health standards being established, and; (iii) developing a 12- 24 month sourcing strategy approach to ensure you have access to the required supply at the fairest and most competitive rates.
- The historical data of travel volumes, average rates and market benchmarks used for negotiations are also impacted rendering most historical baselines meaningless. Requires new metrics and skills to secure most favorable terms.
- Travel volume projections and then fluctuating travel volumes over the next 4 -16 months will also hinder negotiations or contract performance. Flexible minimal volume terms will be critical.

4). Travel Program Management/Performance

Every travel buyer or manager loves to or is required to report savings and performance.

- Your internal baselines and then industry KPIs historically used to measure YOY savings performance of your travel program (Average unit rates, comparative savings baselines, total volume, etc.) will all largely be meaningless too for any 2019/2020/2021 YOY comparisons, due to the impact of travel bans in 2020.
- Companies will need to establish new KPIs and baselines or even reporting processes with their TMCs and other data sources to accurately measure performances to make sounds business decisions for their travel programs moving forward.

For questions or help supporting strategies on any of the four items above, contact CTBR at SalesSupport@ctbrtravel.com.