



## The sharing economy:

Does it have a place in your managed travel program?

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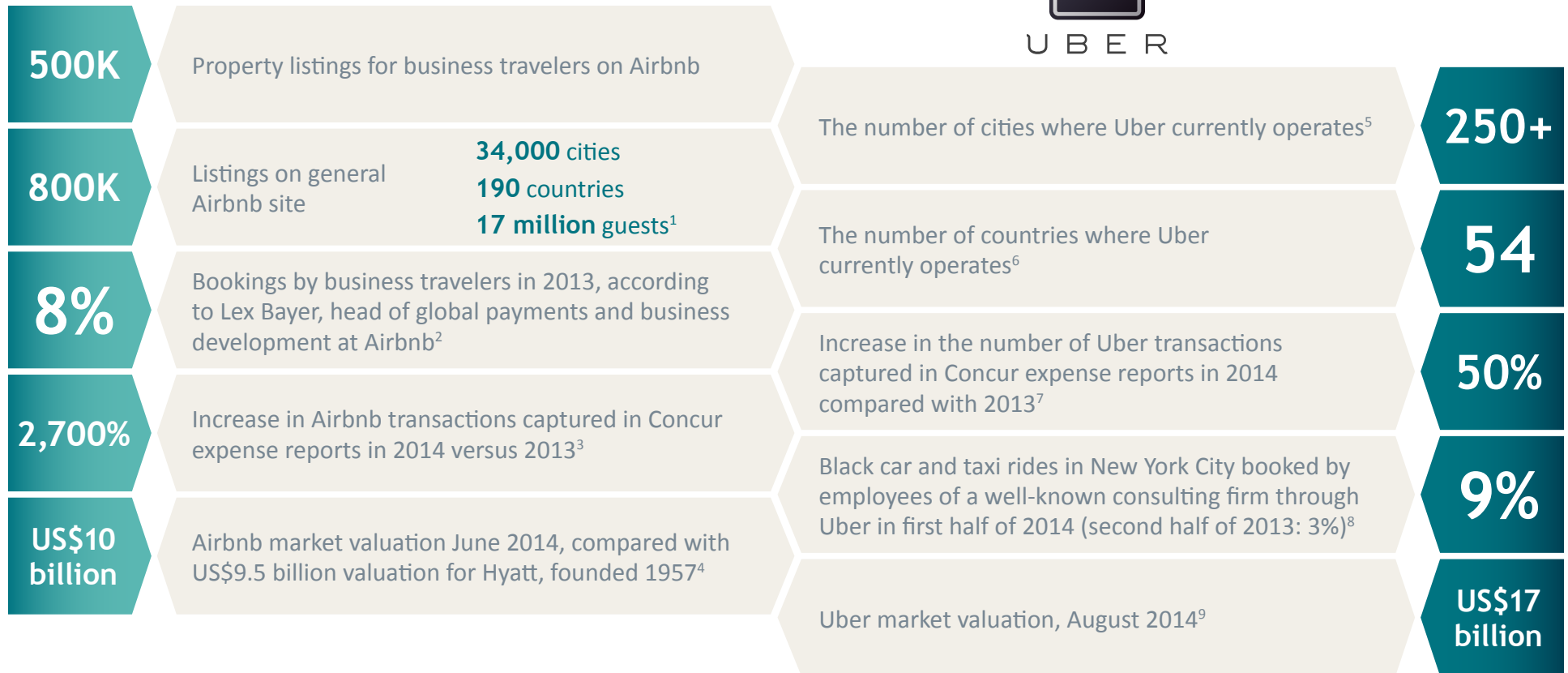
28.

Checklist: Evaluating sharing economy suppliers

# By numbers



U B E R



<sup>1</sup> [Airbnb](#), 9 September 2014

<sup>2</sup> Airbnb and Uber on the business travel itinerary, [Financial Times](#), 8 August 2014

<sup>3</sup> [Concur](#), 29 July 2014

<sup>4</sup> Hyatt CEO sees no threat from fast-growing Airbnb, [Yahoo Daily Ticker](#), 2 June 2014

<sup>5, 6</sup> [Uber](#), 20 February 2015

<sup>7</sup> [Concur](#), 29 July 2014

<sup>8</sup> The Beat, 31 July 2014

<sup>9</sup> Do high valuations for Uber, Snapchat and BuzzFeed herald a new tech bubble?, [The Guardian](#), 16 August 2014

# Time for action

The time is right for travel managers to consider the merits of sharing economy suppliers.  
Investigate the sharing economy before dismissing it or banning it in its entirety.

## Investigate

### *Don't ignore it*

The sharing economy is changing managed travel...  
*whether you like it or not*



#### **Ask:**

Some of your travelers want to use these suppliers—and in many cases, they already are

#### **Research:**

Some sharing economy suppliers are already trying to work with the corporate travel market

#### **Manage:**

Create a plan to carefully train and monitor any travelers who are permitted to use these service suppliers

## Evaluate

### *Don't be caught without a point of view*

Establish the position of sharing economy services in your managed program by considering the five big issues



Cost



Traveler satisfaction



Safety



Regulation



Integration into travel program

## Initiate

### *Take the next steps*





## Introduction: The hottest topic in travel?

### The rise of the sharing economy

Thanks to major media exposure for companies like Airbnb and Uber, the “sharing economy” has emerged as a hot topic in travel, technology and business alike. In the consumer sector, Airbnb and Uber have been successful and have expanded rapidly. Now both companies are developing special services for the corporate traveler, leading travel buyers to ask three questions:

- Do sharing economy services add value to my travel program?
- Should we allow our travelers to use sharing economy suppliers?
- How do we manage these suppliers and integrate them into our own program, and how should we manage the way our travelers use them?

Answering these questions is not easy. You need to compare sharing economy suppliers against traditional ones such as hotels and taxi companies. And that raises more considerations about safety, service, cost, and how the suppliers fit with your company culture.

### Don't ignore the sharing economy

Even if you're not interested in Airbnb, Uber and the like, your travelers almost certainly are. You may not want your travelers using sharing economy suppliers on business trips, but you may not be able to stop them. The sharing economy is developing and changing rapidly. How you engage with it depends heavily on your company culture. For example, companies adopting “open booking” principles are more likely to favor sharing economy services than companies that control tightly what and how their travelers book.

### Don't get caught without a point of view

It's important that you make up your own mind on whether to embrace, allow or reject sharing economy services. The information provided in this paper will help. What we can say right now: The sharing economy isn't so unworkable that you should ban it from your program without further investigation. At the same time, it isn't so problem-free that you can allow travelers to use the services without implementing some rules and monitoring. The situation calls for a balanced approach that's still flexible enough to handle change.



## The basics: Getting to know the sharing economy

Quite simply, the sharing economy is about learning “to consume in a new way”.

**Nicolas Brusson,**  
Co-Founder,  
BlaBlaCar<sup>10</sup>

Sharing is as old as humanity. What has changed in the past couple of years is that people have found a way to make money from sharing their resources by using the internet and, especially, mobile, to sell or rent to other individuals. Most companies and organizations are looking for smarter ways to work to reduce overheads. Most also have targets, or feel a responsibility, to look after the environment and community they work in. Using the sharing economy can help companies be more socially responsible, while reducing costs at the same time. Companies such as Airbnb and Uber (and arguably eBay before them) have found ways to earn money themselves by providing the virtual exchanges in which these goods and services are bought and sold.

Geo-location, the ability to pinpoint your whereabouts especially on mobile devices, has proved invaluable to the sharing economy. It means someone on the move can find the nearest person willing to share with them, whether it's a ride, a room or even a meal. In the case of ride-sharing, it also means drivers can locate their passengers with ease.

Digital technology makes the sharing economy (sometimes also known as collaborative consumption) possible in three main ways:

- **Mobile phone apps** – especially geo-location (as per the above)
- **Ratings systems** – strangers can build enough trust to make an exchange because they can check each other's review histories as suppliers and consumers
- **Virtual payment** – money can be exchanged effortlessly and securely

<sup>10</sup> [The Guardian](#), 14 August 2014

## Sharing economy travel suppliers

This paper focuses mainly on **Airbnb** and **Uber** because:

- They are by far the biggest and best-known suppliers
- They are among the first to try to integrate with managed travel programs

There are many other alternatives to these, such as accommodation finders **travelmob** in Asia- Pacific and **9flats** or **BedyCasa** in Europe.



The best-known competitor to Uber is U.S.-based **Lyft**.



Other travel-related sharing economy sites include:



**BlaBlaCar** – drivers and passengers share costs on long-distance journeys



**RelayRides** – rent a private owner's car



**FlightCar** – rent a private owner's car when they park it at the airport while traveling themselves



**SheTaxis** – a New York-based alternative to Uber for women drivers and passengers only



**Parking Panda** – park your vehicle on a private home owner's property



**Tabl** – dine in people's homes

## Spotlight on Airbnb



Founded in 2008 in San Francisco, Airbnb describes itself as “a trusted community marketplace for people to list, discover, and book unique accommodations around the world...Airbnb is the easiest way for people to monetize their extra space and showcase it to an audience of millions.”<sup>11</sup>

Travelers wishing to use the service create a profile and then verify their identity and add references from friends. They search listings by destination and price, and can check reviews and ratings of a property before booking. They can also communicate with the host, who may wish to talk to them more before accepting a reservation.

### Airbnb and corporate travel

In July 2014, Airbnb launched *Business Travel on Airbnb*, offering 500,000 listings (of 800,000) that it considers appropriate for business travelers. The main features of the business-friendly properties are:

- Wi-Fi access
- Available for immediate booking
- No sharing of the property with the owner or anyone else

Corporate clients can enroll with *Business Travel on Airbnb* to obtain a coupon code, which employees use when booking to identify themselves for reporting purposes. Airbnb also signed a deal with expense management provider Concur to feed automatic uploads of transaction details into customers' expense reports.

Senior Airbnb executives agree that their service is not suitable for all business travelers, especially “road warriors” who need consistency. Instead, they recommend their properties for larger groups, longer stays and relocations.<sup>12</sup>

<sup>11</sup> [Airbnb](#)

<sup>12</sup> Airbnb's CEO Explains the Sharing Economy to Stephen Colbert, [Skift](#), August 2014

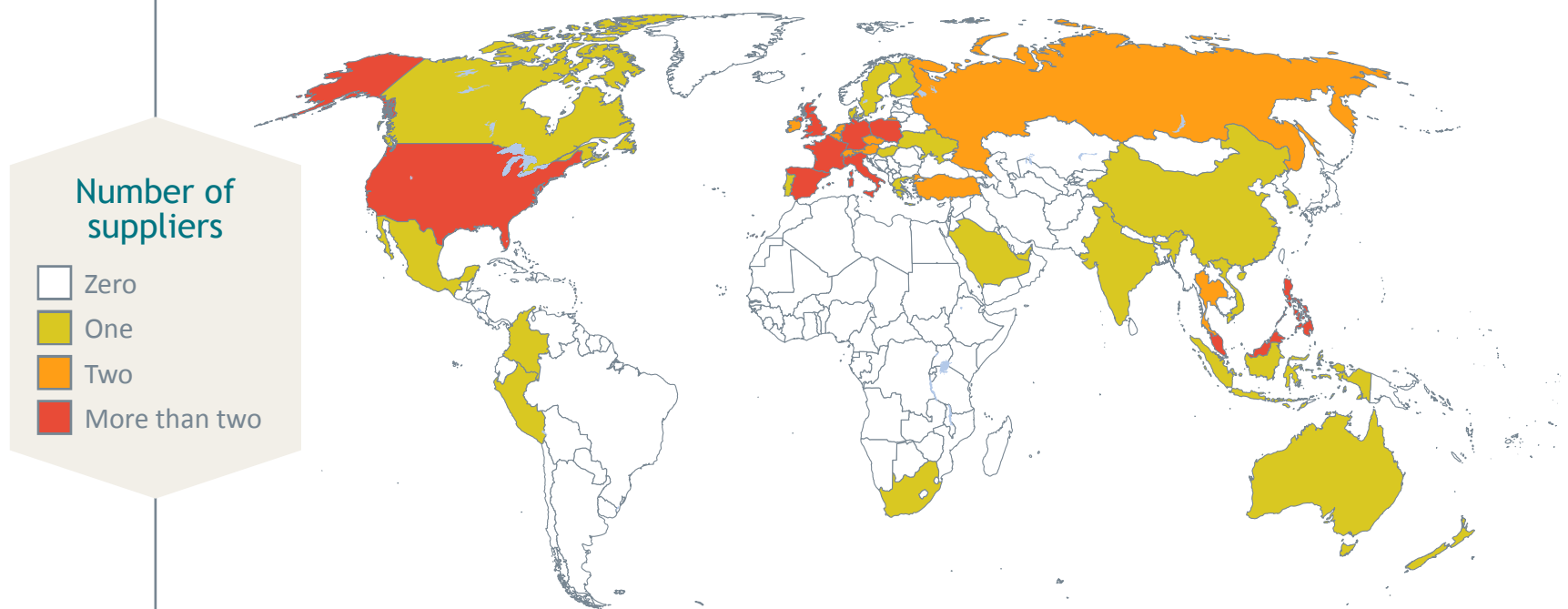




## Distribution of sharing economy services

Based on the 12 sharing economy suppliers reviewed by Advito, the map below shows the global spread of this business model for ground transportation services.

Sharing economy ground transportation suppliers

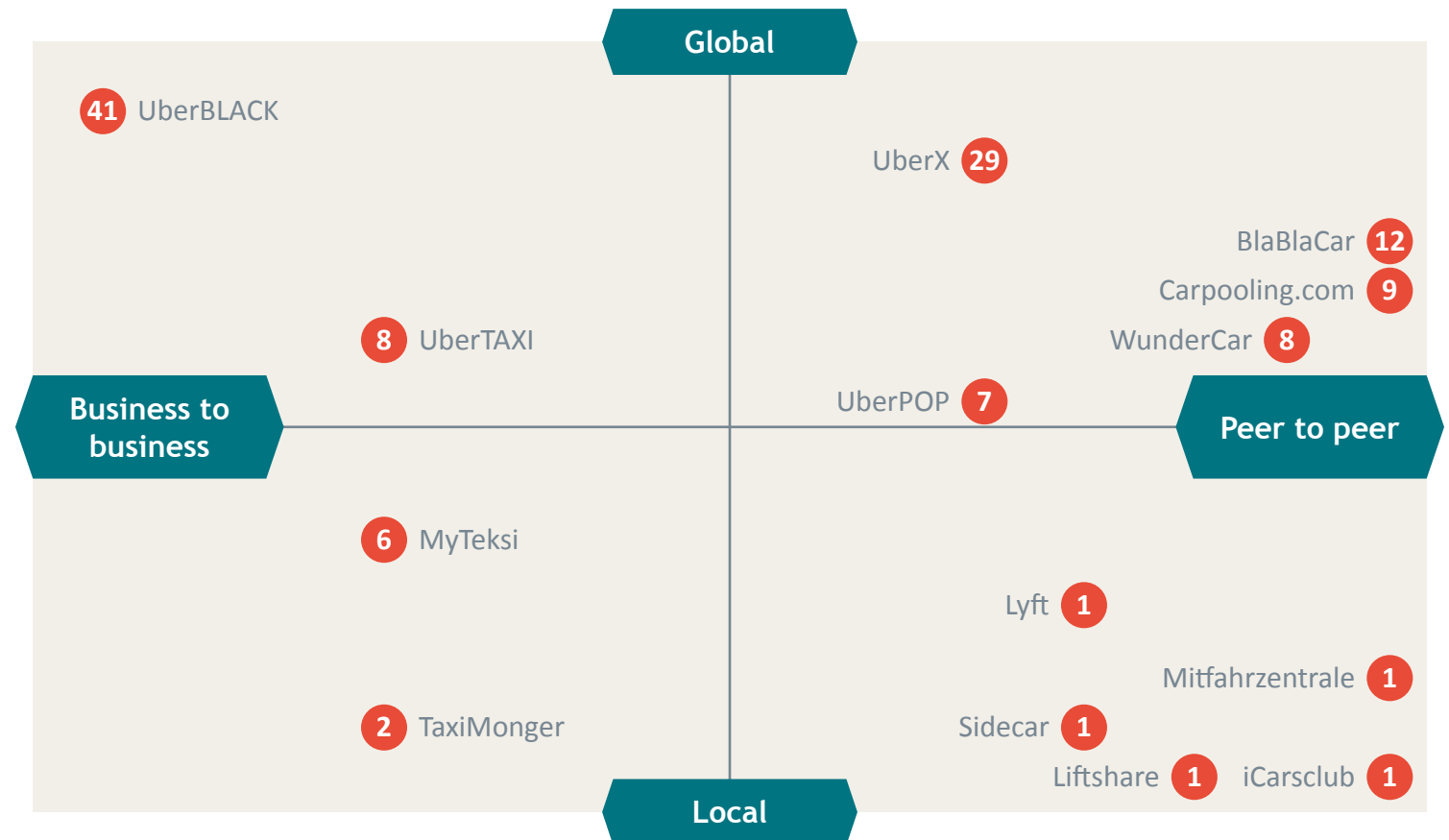


Source: Advito analysis, based on 12 sharing economy suppliers



## Understanding sharing economy suppliers

Ground transportation sharing economy suppliers and services have adopted peer-to-peer principles to varying degrees. Some have become more widespread than others. The graphic below compares suppliers based on their sharing economy credentials and number of markets served (●).



## Spotlight on Uber



### Is Uber a sharing economy supplier?

Not quite. A true sharing economy car service, such as Lyft Line, involves a private owner renting their vehicle to someone else or splitting the costs of a journey they would take anyway. Uber is essentially a digital ground transportation booking service, often in vehicles used exclusively for paying passengers. It offers five levels of service, including UberBLACK, its original black car business, and UberTAXI, which allows passengers to request and pay for a cab at standard taxi rates. It ventures into the sharing economy with its UberPOP and UberX services, which allow individuals to use their private vehicles to offer paid rides to passengers.

### How Uber works

Passengers request a ride with as little as one tap of their Uber app. With a couple more clicks, they can choose the type of car they want (e.g. taxi, limo, private car) and signal their location, then the app will let them know the identity of the nearest driver and how long they will take to arrive. All payments are handled automatically by Uber, which charges the passenger's pre-registered credit card.

### Uber and corporate travel

Like Airbnb, July 2014 also saw Uber announce a customized service for corporate travelers; at the same time, they signed a deal with Concur. Travelers can now bill their trip directly to their company. Corporate clients signing up can access reporting that includes details for individual trips (distance traveled, beginning and end point, time, etc.) and for all trips combined (total weekly, monthly and annual spend). Passengers can choose different electronic payment methods for business and personal trips.

In August 2014, United Airlines became the first airline to offer its customers Uber services via its mobile app.<sup>13</sup>

<sup>13</sup> [United Airlines](#), 20 August 2014



## Using sharing economy suppliers for corporate travel

There are five big issues to weigh up, which will help decide your attitude towards sharing economy services:



Cost



Traveler satisfaction



Safety



Regulation



Integration into travel program

On each of these issues, you can make a case either for or against including sharing economy services in your managed program; or you may choose to adopt a neutral position towards the sharing economy at this stage.

### Key

We have provided you an overview of the Pros and Cons of using sharing economy suppliers for Accommodation and Transportation on the following pages.



*Pros*



*Cons*

To help you decide if sharing economy suppliers have a place in your program, look out for our [checklist](#) to guide you through the evaluation process.



## Cost



### Accommodation

Sharing economy providers are often cheaper than conventional hotel alternatives. One managed travel program that has used sharing economy suppliers says its travelers typically pay rates of US\$100–US\$200 through Airbnb when they would pay US\$300 for a hotel in the same city. The consultancy Priceonomics found that in the U.S., hotel rates are on average 21.2% higher than for an Airbnb apartment at the same destination.<sup>14</sup> When considering incidental expenses for a meal and drinks, the total cost of a stay might often be much lower.

### Ground transportation

During 2014, Uber and Lyft aggressively reduced prices in an attempt to undercut regular taxis. Taxi competitors have responded, so fares are falling across the board in some markets.<sup>15</sup>

During periods of peak demand, like when it's raining in Seattle, by using an on-demand service like UberX you'll have a better chance of getting a ride than hailing a taxi. Though be aware that its pricing is dynamic: if demand is high—so are fares. Lyft imposes its higher Prime Time tariff whenever ride requests greatly outnumber available drivers. While the price premium varies based on demand, Lyft does let passengers know the new rate before they confirm their booking. Travelers using BlaBlaCar can be sure they won't face exorbitant charges for their rides; in the spirit of the sharing economy it's capped its prices.

With services like Sidecar, passengers can sort available drivers by price, so they can pick a ride that suits their budget. That's not a choice you get with metered taxis.

<sup>14</sup> Airbnb vs Hotels: A Price Comparison, [priceonomics](#), 17 June 2013

<sup>15</sup> Hailo Halves DC Prices to Take on Uber in the Ride App Wars, [InTheCapital](#), 8 September 2014



## Cost

### *Cons*

#### **Accommodation**

##### *Fewer services*

Travelers are not usually making valid comparisons when using sharing economy suppliers. For example, do they offer the same facilities as a hotel? If all a traveler needs is wireless internet access, it's not a problem, but others may need breakfast, room service, a business center or a gym.

##### *Comparing apples with pears*

Have travelers checked their company's negotiated hotel rates before they book a sharing economy property? If not, they may not be looking at the lowest hotel rate—including amenities—available to them.

##### *Hidden costs*

Then there are hidden costs: the time it takes to research sharing economy properties and establish a relationship with the host versus a few clicks to book a tried and tested (and approved) hotel. Travelers also risk cannibalizing their company's hotel program. If many employees switch to sharing economy suppliers, bookings with preferred suppliers fall, resulting in lower discounts.

#### **Ground transportation**

The pricing of sharing economy rides doesn't always offer the same level of certainty and consistency that you'll find with most metered taxi services. You'll often have to rely on estimates provided by the supplier, or, as in the case of Carpooling.com, negotiate a rate with the driver before the journey. While UberPOP's fare structure is transparent, it still varies between cities within the same country. Travelers need to have clear expectations of price before accepting a ride.



## Traveler satisfaction



### Pros

#### Accommodation

With an international hotel chain, guests know what to expect wherever they are in the world. With sharing economy properties there is no standard product or service. And yet, almost everyone now knows someone who has used one, often returning with excellent reports. Sharing economy customers, including business travelers (especially Millennial business travelers)<sup>16</sup>, like:

- Booking through a user-friendly app on their own device
- Being in a home, not a hotel
- More variety
- More local authenticity
- More choice of locations, especially outside city centers<sup>17</sup>

The result? For those who don't mind lack of standardization, guests say they receive a more relaxed, more inspiring experience tailored to their personal needs. For their employer, that means happier, more productive employees at a time when some companies are working hard to make their travel programs more flexible and personalized.

Perhaps the main reason satisfaction levels are so high is the review systems. Knowing every stay is going to be rated and visible to all bookers encourages owners to go the extra mile to ensure guests leave happy. If they don't, guests of Airbnb, for example, can complain and be confident (if their complaint was reasonable) of a refund, because it keeps their money until the stay is completed and all parties satisfied.

<sup>16</sup> [The Economist](#)

<sup>17</sup> 6 Ways Airbnb Changed Hospitality and the Vacation Rental Industry, [Skift](#), 31 July 2014



## Traveler satisfaction

### Ground transportation

Despite some high profile cases recently cited in the media, bad experiences are generally rare with the new generation of ground transportation providers. Reasons for their popularity include:

- Driver rating systems, encouraging excellence: if Lyft drivers' ratings fall below 4.6 out of 5.0, it removes them from its platform<sup>18</sup>
- Easy-to-use apps
- Swift response: GPS location ensures a nearby driver can pick up the ride within minutes, usually far faster than a taxi or mini-cab; Sidecar's app even allows its riders to sort its drivers by estimated time of arrival, so that they can be sure of a convenient pickup time

|  | Regular taxis | Uber/Lyft                       |
|--|---------------|---------------------------------|
| Passengers picked up within 10 minutes (weekdays)          | <40%          | 90%<br>(66% in under 5 minutes) |
| Passengers picked up within 10 minutes (evenings/weekends) | 30%           | 90%<br>(66% in under 5 minutes) |

<sup>18</sup> [Lyft](#)





“We’re never going to be hotels. We’re never going to be that perfect, consistent experience, where you know exactly what you’re going to get.”

**Brian Chesky,**  
Founder and CEO,  
Airbnb<sup>19</sup>

## Traveler satisfaction

### Cons

#### Accommodation

Does consistency matter? Most employers would likely answer yes. With more than 500,000 different listings on Airbnb’s business site alone, mainly provided by hospitality amateurs, there is no way it can vet quality itself. The hotel chain experience may not be as exciting, but travel managers know that if they book their travelers into a branded hotel, facilities and service will most of the time meet minimum requirements. They and their travelers can concentrate on their day jobs rather than worry about whether the next accommodation will meet their needs.

And hotels are arguably better able to respond to traveler needs when things don’t go to plan:

- A traveler arriving early at a hotel can relax in the lobby, an option that’s unlikely to be offered with Airbnb accommodation.
- If there’s something wrong with the room, you can call housekeeping in a hotel—it might not be as easy to get something fixed at an Airbnb property.

#### Ground transportation

While paid-for services like UberX, UberPOP and Lyft are great for travelers looking for taxi rides on-demand, true peer-to-peer services like car pooling and ride sharing are less suited to ad hoc travel. If you’re looking to make savings on a regular commute to your place of work, then companies like Liftshare in the U.K. can organize company-wide car sharing schemes. But car-sharing does not provide the certainty of supply for unplanned, spontaneous, short journeys. Companies like WunderCar are working to build a critical mass of drivers to address this issue, but only in a small number of German cities.

Aside from the issue of safety, which we discuss on the next page, there are also questions about service delivery. Without licensing of these services, there are no guarantees about driving quality. Navigation is perhaps less of an issue than it might have been ten years ago, thanks to GPS, drivers can find their way around without any training.

<sup>19</sup> Hyatt CEO sees no threat from fast-growing Airbnb, [Yahoo Daily Ticker](#)



## Safety



### Accommodation

Once again, rating systems help to identify and remove unsafe properties or owners. There can be no guarantees, but there are very few stories about guests having unsafe experiences. Instead, the few problems that do occur are usually about hosts having their homes burgled or vandalized by guests.

Sharing economy supporters also point out that crimes in hotels are almost a daily occurrence.

### Ground transportation

Most companies conduct “rigorous” background checks on their drivers. Lyft, Sidecar and Uber all require them to possess a clean driving record and have no recent criminal convictions. In addition, US\$1 million liability insurance cover is now commonplace among sharing economy suppliers, which Uber claims is much higher than for regular cabs.

Both Lyft and Sidecar maintain a clear zero-tolerance policy towards drug and alcohol use by drivers. They encourage passengers to report any abuses.

Before pick-up, passengers receive the driver’s name, picture, car type and license plate number. Lyft passengers can be sure that they won’t be linked up with a driver they’ve poorly rated in the past. BlaBlaCar even offers a “Ladies Only” feature, where both the passenger and driver are female.

Travelers can share their destination and expected arrival time with friends (or with travel managers), who can also track their journey in real time.<sup>20</sup>

Supporters also point out that passengers are safer, because they usually wait less time for their driver to arrive. And with Sidecar’s app, they can even manage how long they wait to be picked up.

<sup>20</sup> How to Stay Safe When Riding with Uber, [ABC News](#), 4 June 2014



## Safety

As an example we've compared the driver requirements of the City of Boston Taxi service to Uber. Note that this comparison doesn't include vehicle standards.

### Driver requirements

| City of Boston Taxi <sup>21</sup>   | Uber  |
|---|---|
| Minimum age of 21 years   | UberX applicants need a car not older than ten years, a personal insurance policy, a driver's license and must pass a background check. <sup>22</sup>   |
| Valid driver's license held for at least two years  |   |
| Hackney Driver's License applied for  |   |
| Original birth certificate, alien card, asylum document, U.S. passport or naturalization papers   | Background check includes three-step criminal screening in the U.S. "that go back as far as the law allows" and ongoing reviews of drivers' motor vehicle records while working with Uber. <sup>23</sup>  |
| Pass an English language proficiency exam   |   |
| Pass a drive training test  |   |
| Annual renewal of driver permit   | Going back seven years, to pass Uber's screening, drivers must have no: <sup>24</sup>   |
| Denied a license if:  |   |
| <ul style="list-style-type: none"> <li>• Hackney License revoked or suspended in any jurisdiction</li> <li>• Habitual traffic offender</li> <li>• Outstanding or unresolved driving infractions</li> <li>• License suspended for five or more surchargeable incidents</li> <li>• More than four traffic violations/accidents</li> <li>• Convictions for operating under the influence of drugs or alcohol</li> <li>• Convictions/court cases for felony, drug, or sex crime offenses</li> </ul> | <ul style="list-style-type: none"> <li>• Drug-related driving violations</li> <li>• Hit and runs</li> <li>• Fatal accidents</li> <li>• History of reckless driving</li> <li>• Violent crimes</li> <li>• Sexual offenses</li> <li>• Gun-related violations</li> <li>• Resisting/evading arrest</li> <li>• Driving without insurance or suspended license charge in the past three years</li> </ul> |

<sup>21</sup> The City of Boston, [Taxi Consultant Report](#), 11 October 2014

<sup>22</sup> Uber Sketchy: now your driver could be anybody, [Bostinno](#), 5th September 2014

<sup>23</sup> Background checks you can trust, [Uber](#)

<sup>24</sup> Uber background check, [Uber](#)



## Safety

### *Cons*

#### Accommodation

Not all travel programs impose safety requirements on the hotels their travelers use. While travelers must judge for themselves whether a hotel is safe enough for a business stay, they can be sure that properties offered through services like Airbnb and Travelmob are not inspected. They can only advise owners to comply, as responsible hosts, with local fire and safety regulations.<sup>25</sup> This raises the question, not yet answered, of whether companies could be failing their duty of care if an employee is injured or killed in a fire at a sharing economy property, if the travel policy allows its use. There could be major liability problems, especially as many property owners are unlikely to have money themselves to pay meaningful compensation. In contrast, the requests for proposal that corporate clients send to regular hotels include detailed questionnaires about safety.

Airbnb is now at least starting to issue smoke and carbon-monoxide detectors to its hosts.

<sup>25</sup> How do I rent my property on Airbnb?, [The Telegraph](#), 8 August 2014, and Airbnb: do the bargains come at a price?, [The Telegraph](#), 8 August 2014

<sup>26</sup> Uber taxi service banned in Berlin on safety grounds, [The Guardian](#), 14 August 2014

<sup>27</sup> [BBC News Business Live: 15 December 2014](#)

<sup>28</sup> See, for example, Risky Ride: Who's Behind the Wheel of Uber Cars?, [NBC](#), 2 May 2014

<sup>29</sup> [Flightcar](#)

#### Ground transportation

Unlike licensed taxi drivers, the new generation of ground transportation providers don't usually require drivers to have professional training or a professional license. True peer-to-peer services, like ride sharing organization Carpooling.com, seem to rely heavily on passenger ratings to assess their drivers. The city of Berlin has banned UberPOP for failing to do enough to protect its passengers from unlicensed drivers and not providing enough insurance for its drivers or their passengers in accidents.<sup>26</sup> The French government has gone further; in response to concerns about insurance, it imposed a nationwide ban on UberPOP from January 1, 2015.<sup>27</sup> There have been reports of drivers with criminal records, including for reckless driving, passing the Uber vetting process. A small number of UberX drivers have also allegedly assaulted and kidnapped passengers.<sup>28</sup>

Another service is FlightCar. Its website explicitly targets business travelers, inviting them to make their cars available for rental while parked at the airport on business trips. In return, travelers can earn up to US\$120 for a five-day rental, and have their car washed while they are away.<sup>29</sup> It's a great way to make more use of a vehicle that would otherwise sit around unused, but would your company's legal, HR and security teams allow employees to use the service, either as a vehicle supplier or a customer?



## Regulation



### Pros

The rise of Airbnb and Uber in particular has led to objections and even demonstrations by traditional suppliers. It has also led various national and city authorities to investigate whether property owners and drivers are unfairly avoiding the regulation and taxation faced by regular accommodation and transportation providers. Sharing economy suppliers argue their model is different from those providers, so they should not have to face the same regulations. For example, Uber says its mobile app, which drivers use to charge based on distance traveled and time taken, is not a meter service, which would require legal permits.

Sharing economy suppliers also say that traditional competitors are using regulation to block progress and their smarter new ways of doing business. But their emergence is also encouraging traditional suppliers to respond with improvements to key aspects of their business models. This can only be good for travelers.



### Cons

Business and technology innovators or mavericks recklessly ignoring important laws? Whether you are encouraged by what these new suppliers promise for the business travel world, authorities around the world have yet to fully work out how to deal with them. Sharing economy suppliers face legal challenges and investigations, including in Germany, France and various cities in the U.S. Authorities are looking at whether drivers/homeowners need to follow the same licensing regimes and safety rules, and start charging (and paying) the same taxes as traditional suppliers.<sup>31</sup>

The outcome is impossible to predict. Larger companies could face problems with their own compliance policies and public relations consequences, if they are seen to encourage the use of sharing economy suppliers, whose services may face legal challenges in certain countries.

“What makes Airbnb exceptional is not any technological breakthrough, but how it is challenging local hospitality regulation, condo board rules, and all the other limitations on who can charge what and when for short-term housing usage.”

**Ron Klain, Fortune**<sup>30</sup>

<sup>30</sup> Airbnb's biggest disruption: America's laws, [Fortune](#), 10 September 2014

<sup>31</sup> For just one example of each among many, see Allegheny County ride-share drivers' criminal cases on hold, [TribLive](#), 10 September 2014; Airbnb to Give Data on 124 Hosts to New York Attorney General, [Bloomberg](#), 22 August 2014



## Integration into travel programs



### Pros

Integration has many levels, ranging from capturing bookings made with sharing economy suppliers all the way to full integration, where services can be booked through approved travel program booking tools. How easy will travel managers be able to work with these suppliers? Until now, bookings have been invisible to the travel manager. Travelers have used the services without connections to any part of their managed travel program, such as their travel management company (the one exception is the payment might have shown up on their corporate card). This has left travel managers without data to track travelers for safety, policy compliance or supplier analysis purposes. But the same can also be said of traditional taxi suppliers, and they've made little progress integrating into travel programs.

Sharing economy suppliers are making their first steps towards integration. By working with Concur, users of Airbnb and Uber can now capture data into expense reports. Triplt also integrates into its itinerary management service. Most suppliers now require cashless payment via their apps. Lyft allows its users to register up to three payment cards, allowing passengers to keep their expenses for business and leisure travel separate.

<sup>32</sup> [Autorentalnews](#)



### Cons

A partnership with an expense management provider is a good start, but there is a long way to go to integrate fully into the processes travel managers need. In particular, many corporate clients rely on their TMCs to oversee and analyze their travel programs. This will need the sharing economy suppliers to integrate with TMCs, but they have yet to acknowledge this.

Working with the travel industry is certainly possible. In December 2013, FlightCar signed a distribution deal with the travel technology provider Travelport.<sup>32</sup>



## Where does the sharing economy leave traditional suppliers?

A word often used to describe these new players is “disruptors”. Until now, the digital revolution has not fundamentally challenged hotel and ground transportation suppliers. Other travel suppliers and service providers, including TMCs, GDSs and airlines most certainly have.

Are they being challenged now? On the leisure side, certainly. For corporate business, the picture looks more mixed. Uber is undoubtedly competing hard with traditional limo services, but hotel companies seem less worried about a significant loss of corporate clients to Airbnb.

In an interview with Marriott, a representative said the hotel chain believes Airbnb will have to start demonstrating its owners’ compliance with fire and safety regulations, if it seriously wants to attract large and medium corporate clients. This may happen eventually, but it would add cost and complexity. That would probably lead to some owners dropping out of *Business Travel on Airbnb*, while those who remain may need to raise prices to cover higher costs.

However, Marriott stresses it is not in denial about the sharing economy, which it says is inspiring change in hotel companies. That’s why it is launching new, fashionable brands like MOXY. Even more importantly, though, Marriott believes sharing economy providers have shown new ways to reach the traveler through mobile, which is why it’s responding with services such as mobile check-in and check-out.



## Revisit your relationship with traditional suppliers

- ✓ Share data with your traditional suppliers about how many travelers in your company are using sharing economy suppliers, which new suppliers they are using, and why.
- ✓ Challenge your traditional preferred suppliers to support you better—with new products for travelers, and enhanced amenities like free casual meeting spaces, healthy and lower priced room service options, etc.
- ✓ Look again at negotiated pricing in cities where you are seeing heavy use of disruptors like Airbnb: Does the corporate rate need to come down? Do your travelers know what the corporate rate is? Do you need to find easier ways for them to book it?



## Next steps: What you should do about the sharing economy



### Step 1 – Understand your existing travel program better

Make an honest assessment of where you are today:

- How much are you spending?
- How much of that spend is going through preferred suppliers?
- How much is going through authorized booking channels (like your TMC and online booking tool)?
- If compliance rates are low, why? Are you offering good enough rates to your travelers? Do they know what the rates are? Do they have an easy way to book that is as good as Airbnb or Uber?



### Step 2 – Figure out the demand

How many of your travelers are already using sharing economy services, or want to? You may find some answers by looking at card and expense reporting data.

But the chances are that these sources aren't capturing all the existing transactions, and they won't tell you what travelers want to do rather than what they are doing today. So start talking to your travelers, through surveys, internal social media and so on.

Find out:

- Are they using these services today, either for work or privately?
- Have their experiences been good or bad?
- How happy are they with existing conventional suppliers?
- Would they like to use the new players for business trips?
- Are there specific markets where sharing economy suppliers could significantly improve cost, access or service, or solve a challenge today that your traditional supplier base cannot?





## Next steps: What you should do about the sharing economy



### Step 3 – Start talking to sharing economy suppliers

Investigate what they have to offer and whether it meets your company's needs. Analyze each supplier's services in detail, because these vary and some will be more suitable than others.



### Working together

In particular, suppliers need to work with you on:

- ✓ Providing data: Encourage them to report data from the outset, as this will help you benchmark and analyze their services. Real-time data would be ideal, as it helps maximize safety and security.
- ✓ Duty of care: What safeguards can they offer to satisfy your company that using these suppliers is in line with your duty of care obligations to travelers?
- ✓ Working with your TMC: Explore the level of integration you want to have with your TMC. They can capture bookings made with sharing economy suppliers, provide integrated reporting and even amend or cancel reservations. You decide the level of integration.



## Next steps: What you should do about the sharing economy



### Step 4 – Work closely with key departments in your company

As discussed throughout this paper, there are serious considerations for your company and travelers when using a sharing economy supplier. Who gets sued if a traveler is injured or killed? And if some of these suppliers are judged to be breaking the law, is it okay to work with them?

Travelers in many companies already use sharing economy providers on business trips. You need to decide whether this should continue, or if you should prevent travelers from using these services, or even promote their limited or unlimited use. For an informed decision, make sure you co-operate closely with departments like human resources, legal, security and compliance.



### Step 5 – Look at conventional suppliers again

Remember to go back to your existing suppliers and see where you can encourage improvements (see earlier section on traditional suppliers). It's also worth looking into whether the demand for sharing economy services has exposed some gaps in your travel program. You may need to include more extended stay or suite-type properties in your program.

Perhaps consider increasing your travelers' access to lifestyle and boutique hotel brands. Or you may need to negotiate mini meetings packages with key hotels to satisfy a requirement for extra meeting space. For example, should you be signing up additional (professional) serviced apartment providers?



## Next steps: What you should do about the sharing economy



### Step 6 – Time to adjust your policy?

- Make it very clear which suppliers your travelers can and can't use.
- For those suppliers you do approve, make it clear which of their products your travelers can and can't use. Example: your travelers can use any Uber service except UberX and UberPOP.
- Give rate guidelines. This is very important for accommodation because, unlike the certainty of negotiated rates with preferred hotels, there is no consistency in rates charged on services like Airbnb. So state how much travelers are allowed to spend per city.



### Step 7 – Integrate into your travel program?

If you're going to work with sharing economy providers, you need to evaluate how far you want to integrate them in your program. Look at what suppliers you're already managing and where integration could give you better control over all of your spend. Consider some of the tools now available from organizations like Concur and TripCase, which can help you integrate sharing economy suppliers into managed travel.



### Step 8 – Review constantly

This story is not going to sit still. In fact, it's changing daily. Work with your TMC advisers to monitor:

- Product and company developments
- Regulatory issues
- Traditional supplier response
- Attitudes of your travelers
- Attitudes of other key stakeholders, including HR and legal
- Traveler behavior, as this may highlight new and effective services you might want to promote



## Checklist: Evaluating sharing economy suppliers

The sharing economy: Does it have a place in your managed travel program?

|   | ✔ Use them   | ⚠ Don't use them   |
|---|--|--|
| <b>Cost</b>                             | <ul style="list-style-type: none"> <li><input type="checkbox"/> Prices can be cheaper than traditional suppliers, especially in sold-out situations.</li> <li><input type="checkbox"/> Hotel rates often include amenities not needed by the traveler, like car parking and wi-fi.</li> <li><input type="checkbox"/> Self-catering option can reduce food and beverage spend.</li> <li><input type="checkbox"/> Properties suitable for small meetings can be managed at significantly lower costs than hotels.</li> </ul>   | <ul style="list-style-type: none"> <li><input type="checkbox"/> As pricing is unregulated, there's no upper limit for rates during periods of peak demand.</li> <li><input type="checkbox"/> Sharing economy accommodation providers usually offer fewer services and amenities than hotels, so travelers face an extra cost if they need them. And there's no consistency.</li> <li><input type="checkbox"/> Hidden costs – time taken to research and book; cleaning fees; damage to preferred supplier agreements.</li> <li><input type="checkbox"/> Review and compare cancellation policies, as they may be more severe than hotels offer.</li> </ul> |
| <b>Traveler satisfaction</b>            | <ul style="list-style-type: none"> <li><input type="checkbox"/> Consistently high user ratings and reviews.</li> <li><input type="checkbox"/> Accommodation providers offer a greater variety of location and design, and a local experience.</li> <li><input type="checkbox"/> Ground transportation services are faster, with excellent apps and simple payment.</li> </ul>  | <ul style="list-style-type: none"> <li><input type="checkbox"/> Travelers may need to pre-arrange check-in/check-out times.</li> <li><input type="checkbox"/> For some ground transportation services, drivers don't need training or licensing to carry passengers.</li> <li><input type="checkbox"/> Where suppliers maintain their own training, licensing and insurance, these may fall short of local ground transportation standards.</li> </ul>   |
| <b>Safety</b>                           | <ul style="list-style-type: none"> <li><input type="checkbox"/> There's no data to suggest these suppliers are any less safe than traditional suppliers.</li> <li><input type="checkbox"/> Very few bad experiences to date.</li> <li><input type="checkbox"/> Ratings systems keeps suppliers on their toes.</li> <li><input type="checkbox"/> Ground transportation companies conduct background checks of drivers and provide liability cover.</li> <li><input type="checkbox"/> Payment can be made securely using a registered credit card without the need to use cash or show a card.</li> <li><input type="checkbox"/> Customer tracking and driver records improve traveler safety and confidence.</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> Properties are not inspected. Contrast this with extensive fire and safety rules for hotels.</li> <li><input type="checkbox"/> There's no guarantee of professionally trained drivers. Some reports have questioned driver vetting.</li> </ul>   |
| <b>Regulation</b>                       | <ul style="list-style-type: none"> <li><input type="checkbox"/> This is a new business model which doesn't need to follow rules for traditional suppliers.</li> </ul>  | <ul style="list-style-type: none"> <li><input type="checkbox"/> Suppliers face the legal challenges that typically emerge when a disruptive business model enters the market. These relate to taxation, safety and liability issues, and may be driven by concerns by traditional providers..</li> </ul>   |
| <b>Integration into travel programs</b> | <ul style="list-style-type: none"> <li><input type="checkbox"/> Integration with some travel service providers, e.g. expense management tools, has started.</li> </ul>   | <ul style="list-style-type: none"> <li><input type="checkbox"/> There's been very little integration so far, especially with travel management companies, making it hard to manage these suppliers and obtain essential data.</li> <li><input type="checkbox"/> Integrating data from these suppliers could prove challenging.</li> </ul>  |

## For more information

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### About Advito

Advito is the travel industry's most progressive consultancy, enabling procurement leaders to modernize their approach to managing the travel and meetings spend category. Led by a unique team of multi-disciplinary experts and thought leaders, we work with both clients and suppliers to push the boundaries of traditional air and hotel sourcing and strategic meetings management for higher program returns. We provide advisory, procurement and outsourcing services in the area of corporate travel sourcing, expense and meetings management, along with RFP development and management; benchmarking and vendor management services. We minimize our clients' travel spend and maximize their travel program value in a data-rich, consumer empowered world. Headquartered in Chicago, Advito operates in key business markets around the world. For more information, visit [www.advito.com](http://www.advito.com).

### About BCD Group

BCD Group is a market leader in the travel industry. The privately owned company was founded in 1975 by John Fentener van Vlissingen and consists of BCD Travel (global corporate travel management), Travix (online travel: CheapTickets, Vliegwinkel, BudgetAir, Vayama and Easytobook), Park 'N Fly (off-airport parking), Parkmobile International (mobile parking and traffic applications) and joint ventures Airtrade (consolidating and fulfillment) and VakantieXperts (leisure travel). BCD Group employs more than 13,000 people and operates in almost 100 countries with total sales, including franchising, of US\$22.8 billion. For more information, visit [www.bcd-nv.com](http://www.bcd-nv.com).