Achieving Breakthrough Savings with Traveler Demand and Behavior Strategies

Five categories that facilitate the most practical, cost-effective, and enjoyable travel experiences for employees

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Breakthrough Savings Are Closer Than You Think...

For years, travel category management teams have applied the same tactics for managing employee behavior as part of their approach to achieve savings. Many continue to manage travel spend in this way, to keep generating the same or similar levels of savings that they've always been able to achieve. However, many teams are adopting new but proven strategies that drive breakthrough savings into their programs, well beyond the status quo.

Typical companies have norms and expectations around what they consider savings and what they do not, but there are more low-risk systems that make behavior management strategies easier and more lucrative. They require more practical approaches in managing travel demand and new efforts to help travelers make the best purchasing decisions they can when they do decide to travel. Best of all, they're low-risk investments, making breakthrough savings all the more achievable.

This report is based on the September 2017 webinar, Achieve Breakthrough Savings: Practical Demand and Traveler Behavior Management Strategies, hosted by ProcureCon Travel and sponsored by Advito. The discussion focused on two key strategic areas—demand and behavior—that help travel teams change how employees choose to travel and boost cost savings for their department and the company.

Additionally, this report provides a glimpse into the inside travel strategies from the Global Travel & Event team at LinkedIn, including revolutionary approaches to managing cost savings and traveler spend.

Featuring insights from:

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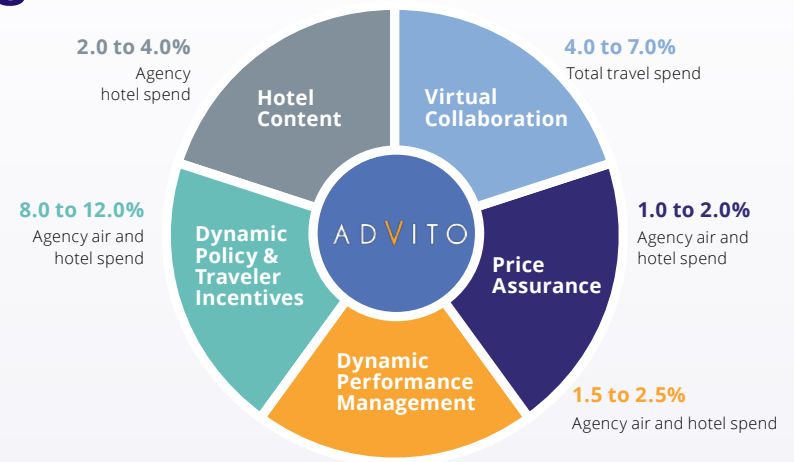Senior Vice President of BCD Travel & Managing Director
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Proven Sources of Breakthrough Savings

Every travel program can save, and every opportunity can generate a significant ROI. Today, many companies continue to use tested, dependable strategies worthy of investment. Their savings estimate is typically net of any costs that companies might incur to implement those products in their programs. But companies accomplish a great deal more when they ask their travelers to change.

As indicated in the figure to the right, there are five categories that are part of a greater system for savings opportunities and facilitate the most practical, most enjoyable travel experiences for employees. These strategies also help travel teams ensure employees begin and continue to utilize internal resources for (a) making their travel arrangements, and (b) staying within the spending parameters set by that team.

2.0 to 4.0%
Agency hotel spend
— Hotel Content

4.0 to 7.0%
Total travel spend
— Virtual Collaboration

1.0 to 2.0%
Agency air and hotel spend
— Price Assurance

1.5 to 2.5%
Agency air and hotel spend
— Dynamic Performance Management

8.0 to 12.0%
Agency air and hotel spend
— Dynamic Policy & Traveler Incentives

Hotel Content
More and more hotel content is made available through traditional business travel management channels like online booking tools and agents. Ensuring travelers have access to the best hotel content, properties, and rates from multiple suppliers via approved methods is a strategy that is proven to win. Companies can save an additional 2% – 4% on their agency hotel spend just by making sure they make additional hotel content—besides their negotiated rates and what's available in their global distribution system (GDS)—available to their travelers.

Virtual Collaboration
Just a small reduction in internal travel can generate big savings. While it may be important to an organization's overall culture to travel for internal purposes, companies that can balance face-to-face interactions with virtual encounters will have flexibility that supports success.

Price Assurance
Most price assurance products on the marketplace today will shop for travelers after they've made their initial booking to find lower hotel rates or airfares. Those price assurance strategies—even the basic strategies of searching for lower prices on identical rooms within the same hotel, or the same class of service on the same aircraft—can generate a 1% – 2% incremental savings on companies' air and hotel spend.

Dynamic Policy & Traveler Incentives
Dynamic policy technologies provide algorithms that enable travel teams to access what is available in the market in real time to set new policy standards. Some of these technologies integrate with existing online booking tools, with more capabilities emerging.

The practice of offering rewards to travelers for making better decisions—decisions that are cheaper than what policy requires—influences early decisions where travelers may be willing to choose less convenient but more affordable options both on behalf of the company and in the name of savings.

Dynamic Performance Management™
'Dynamic Performance Management' refers to the real-time spend category management approach where teams are actively monitoring category spend and making ongoing improvements outside of the standard sourcing process or a given sourcing event. In this case, teams look at key indicators around their hotel programs, such as if their negotiated rates are competitive with the spot market, if the hoteliers are making their negotiated rates available, and if traveler sentiment is as high as it should be at the travel teams' preferred hotels.

Leveraging Demand Management

Within the next two years, demand and behavior management will become the most significant means of generating incremental value for travel programs. There is a lot of opportunity in changing why and how often employees travel.

Today, many companies are entrenched in their own travel cultures, where employees travel for very unique reasons.

They may travel for certain types of internal meetings, and they might not travel for others. But in many cases, those cultural norms—while they may vary by business unit—are not challenged within organizations, so that employees continue to travel for the same reasons that they always have without question.

Of their **travel dollars going toward internal initiatives**,

most companies spend more than **50**%

some spend as much as **75**%

There are lucrative ways for travel teams to impact demand for travel at their organizations today. First, these teams can begin taking full advantage of their data, particularly concerning the reasons people travel. If travel teams don't capture great reason codes at the front end of a planning process, they need to begin doing so and pay close attention to that data.

Travel teams should already know why company employees travel, the reason codes they put into the booking process when they travel, and how much their company spends on internal travel. Leveraging demand management strategies and technologies can help teams achieve greater transparency and cost savings.

Inside LinkedIn:
Getting to Know Your Travelers

The Global Travel and Event team at LinkedIn engaged their travelers in multiple ways to understand their needs. They then tailored programs to both influence behavior and change demand.

LinkedIn made its first investment by creating a traveler survey and analyzing the data. Then, the team broke out several types of travelers into focus groups. By segregating the groups, each gave the LinkedIn team (as well as their preferred suppliers) a better understanding of their travelers and greater transparency into the benefits and shortcomings of their program.

It was a great first step towards actually influencing traveler behavior and the demands that drive employees to travel in the first place.

Three Tips for Successful Demand Management

Target reduction in specific channel types.

Travel teams who examine closely why people travel can more effectively reduce the travel that doesn't drive revenue. The reasons people travel are not always evident in existing traveler information—travel teams must build and analyze richer data to understand who travelers are, what they are doing, and why.

Capturing reason codes for travel is a great starting point to begin understanding why employees are traveling in the first place.

Some of these reasons may reveal areas in which company leadership would support a reduction.

Promote travel alternatives.

Because virtual technology has improved so much in recent years, companies are evaluating and upgrading their solutions to provide better alternatives to travel. With the right program in place, employees can collaborate at a fraction of the cost, with less stress and productivity loss through travel. It also helps companies reduce their carbon footprint. Because the benefits

are far-reaching in an organization, it's becoming an increasingly popular strategic initiative.

Tie travel reduction to organizational goals.

Companies can use their internal networks to connect travel reduction with organizational goals—sustainability, talent, and financial initiatives. These goals align very well with travel demand management approaches that reduce travel spend and maximize the use of already available resources.

Achieve sustainability goals with travel alternatives and reduced carbon emissions

Improve talent management, retention, and acquisition

Gain broader organizational support by investing in work-life balance initiatives

Increase traveler engagement, cost reduction, and employee satisfaction

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Behavior Management & Traveler Engagement

When we add up the amount of time people spend on planes, traveling to and from the airport, and waiting for a flight, there is a clear window for improving cost savings, productivity, and other benefits.

Behavior management strategies impact the way employees choose to travel and how much they spend when they do it. Additionally, their travel choices will impact all other areas of their

professional lives (productivity, availability) so that optimizing travel options for them is actually a greater organizational concern.

Managing traveler behavior successfully requires a deep understanding of traveler data and trending behavior—the more travel teams know about all different types of travelers in their organizations, the greater opportunity for success.

Although many companies attempt to directly change traveler behavior in terms of their decision to travel, companies who educate travelers to make good choices or even identify virtual collaboration opportunities can have a broad effect on traveler behavior and increase cost savings for the company.

Behavior Management Strategies

Influencing travelers' initial decisions—choosing an airline, hotel, form of ground transportation, or other trip necessities—is one of the most exciting opportunities in travel category management today, and it is quickly becoming a standard. Evolving strategies and emerging travel technologies provide some of the best chances for success in realizing this objective. The following three strategies are unique and new to the marketplace, but they are growing in popularity and effectiveness:

Dynamic Policy (expanded)

When a traveler enters some specifics about his or her trip, a dynamic policy technology algorithm will 'shop for' and capture prices that meet certain criteria the company has established, such as how much airfare should cost and how much money the traveler should spend on a hotel. When companies adjust their policies, these tools will accommodate these changes in future searches as well.

Traveler Incentives (expanded)

The traveler incentives approach may or may not work for some companies, but has already proven to be highly effective for others. Evidence shows traveler incentives can drive an incremental 8% – 12% net cost reduction, even after sharing savings with employees and paying the cost of an incentive management platform.

Ultimately, traveler incentives programs require that companies know their travelers. Many of them will only travel once or twice a year, in which case the program will not be very effective. Its success depends on company culture and internal objectives.

Digital Marketing

Digital marketing tools help travel teams deliver targeted, contextual, personalized marketing messages to change very specific traveler behaviors. These tools deliver targeted messages that ask travelers to make different decisions during their booking process.

There are several scenarios where digital marketing can generate very meaningful savings. Travel teams can use very specific messaging to ask people to make different decisions. They can use business rules engines to bias the traveler's display, or message travelers when they can (and must) get a better price.

When taken seriously, behavior change requests via digital marketing tools must be highly targeted. For those who get decent reporting out of their expense systems such as identifying what isn't working well and understanding spending patterns, digital marketing is a great way to engage travelers as they begin to make key decisions.

Inside LinkedIn:
A Culture of Engagement

As a non-mandate culture, LinkedIn's travel policies are used as a guide while the Global Travel and Event team leads by values and builds relationships. That's why they provide information to their travelers to make their own decisions. As the responsible party, travelers then must take intelligent risks and behave in the best way on behalf of the company.

According to LinkedIn, 44% of their travelers work in Product Sales and they truly care about their budgets; these travelers want to do right by the company when they take matters into their own hands. This would not be possible without a dialogue that keeps them informed about their options. Ultimately, talking about LinkedIn's culture and values ensures travelers are happier and more productive on the road—and the popularity of their program is growing.

Trust is the Key to Travel Success

It's important to know that the opportunities available today are not meant to change everyone's behavior. It is possible to reduce internal travel by 10% by changing behavior and demand on the margin. If employees feel supported, even these small changes can increase travelers' confidence in travel management programs.

With a greater goal in mind, travel teams should begin partnering with other branches of the organization in addition to making their own efforts to change traveler demand and behavior. Sharing common goals with other areas of the organization improves travel teams' chances of overcoming challenges and gaining organizational commitment.

Effective travel management depends on building meaningful relationships—whether they are with suppliers, travelers, or key internal stakeholders. Ensuring everyone understands the greater goals of the program and the support it has achieved from other areas of the company will not only encourage them to make the right decisions —they will help to build a solid trust base, which is the underlying key to success.

About

ADVITO

Advito is a corporate travel advisory that helps companies modernize travel category management—pushing beyond traditional sourcing and measurement tactics—for better spend outcomes in a data-rich world. We offer a full spectrum of services to help you better manage your program, reduce travel spend and influence traveler behavior.

Learn more at: www.advito.com

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