

## Travel Buyer Industry Snapshot

April 6, 2020

GoldSpring recently Zoomed with more than 100 travel managers in a series of intimate and open-dialogue video chats. Designed to enable peer-to-peer sharing during this very challenging time, we were overwhelmed and inspired by our colleagues' willingness to share solutions and best practices in the midst of such turmoil and ever-changing circumstances. Here's the conversation.

### Q. What are you doing that's different from your normal travel responsibilities?

#### TRAVEL PROGRAM OPERATIONS:

**Unused Ticket Volume:** Large volume of unused tickets and buyers are figuring out how to account for this. Usually it's a similar run rate month over month, but the spike in volume requires a nuanced work effort – reporting and discussions taking place as executive realize there are millions attached to this asset at a time when cost cutting is king.

**Reporting, Reporting, Reporting:** Constant reporting on active versus cancelled trips, unused tickets and more. Multiple data sources and data views mean travel managers are becoming data analysts. Needing to tell the story correctly before it goes up the ladder.

**Assessments:** Assessing value of cancelled trips and event. Assessing the agencies themselves (which have solvency and financial backing vs. those that are overextended).

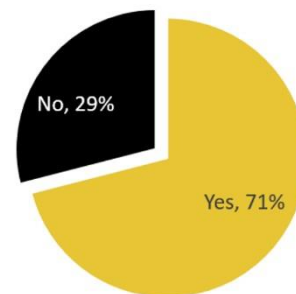
**Travel Policy & Process:** Business critical travel only requires approval at senior management level. Travel managers are facilitating this process as well as chasing errant travelers.

**Revisiting Projects on Hold:** Projects that have been on the shelf are getting dusted off. Travel managers are tackling program improvement initiatives they have not been able to get to – pending resources on their teams and on the agency side. It can be a great time to be thoughtful and deliberate and think through things with a measured approach. A time to move ahead.

#### DUTY OF CARE:

**Business Critical Confirmation:** Still traveler tracking to ensure trips are actually business critical. Not all of it is typical travel data. Some is car travel, so travel managers are working with other teams like sales, operations and security to check in and assess.

#### POLL: Are you used to working from home regularly?



**Crisis Management Teams:** Travel managers are part of company crisis management teams (aka risk management and emergency response teams). Daily meetings initially, some have slowed to multiple times a week or even weekly.

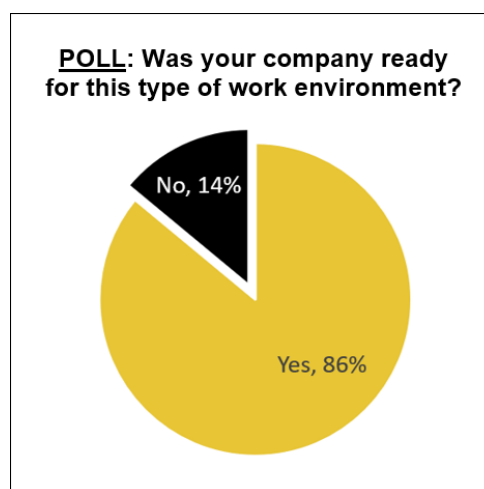
**Traveler Evacuations:** Some travel managers still are working to get travelers home from the more remote and infrastructurally challenged regions. Dealing with closed airspace and multiple employees from dozens of different countries. Countries are restricting access even for layovers as regions lock down, further complicating the ability to get groups out of more compromised regions.

#### PROCUREMENT / COMPANY:

**Broader Procurement Responsibilities:** Additionally, travel teams are involved in responsibilities outside of travel now that it's slow. This includes other procurement areas including facilities assistance, sourcing supplies and assisting virtual work set ups.

**Covid-19 Hands On:** Some travel teams have been pulled into direct Covid-19 emergency assistance, whether it's to support their own company or to assist clients -- setting up hospitals in parking lots, procuring medical suppliers, providing communications connectivity, just to name a few. There's an energetic "go make it happen" mentality.

**Assisting Work From Home Setups:** One travel manager noted that while most employees seemed to be "ready" to work from home with equipment like laptops and basic equipment, widespread ergonomic challenges exist. Not everyone has appropriate desk space or seating. Not everyone has private office space (kids in the mix right now make it especially challenging).



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#### *Q. How are you working with your TMC or meetings management companies?*

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#### CHALLENGES:

**Staffing Challenges:** Dedicated call centers collapsed to shared/central centers. Agent furloughs. Corporations negotiating for resources, taking on agent salaries. Some agency personnel viewed as extension of travel brand and seen as key to keep in place. In one example, 11 agents were furloughed but account manager stayed on with position funded by corporate. Senior agency staff cut completely or scaled back to a few days a week / reduced salary.

**Negative Bookings:** Stress on TMCs. Some corporations challenging fees for cancellations and refunds. Others willing to pay, seeing the need to support the infrastructure and/or realize they had budgeted on a certain level of transactions already. Depends on contract, relationship and sometimes the flexibility of corporate executive team.

**Reporting and Traveler Tracking:** Agency and third-party system discrepancies – several different data feeds requiring cross referencing. One-way and split tickets make traveler tracking difficult.

Security reports can be off by up to 30 percent in some cases due to traveler errors, lag in reporting times, some system and process errors. Additional traveler tracking drill down is required for location-to-location reporting to determine who has been where and who could be contagious. Not just about current or most recent trip taken. Determining also which employees are in offices located in more vulnerable countries and bringing people back home.

**Solvency of TMCs** – With closings and consolidations, some buyers are not surprised if nearly 50 percent are out of business. Lots of consolidation. Agencies carrying debt loads and overextended will be first to go.

#### PARTNERSHIP:

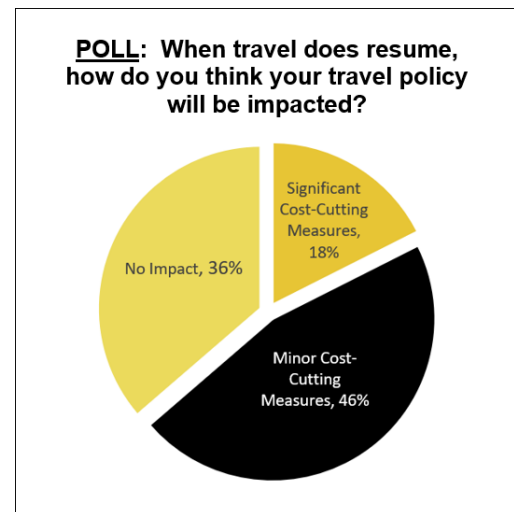
**Business Continuity Negotiations:** Some corporations are paying for transaction refunds backdated through March 1 to help keep dedicated agents in seats or an account manager in place. Large number of director levels taking furloughs. Concept of trying to find a way forward – paying for active cancellations and paying for meetings work being done to keep staffing.

**Cancellations and Unused Tickets:** Again, massive peak in volume with constant reporting from agency and ongoing communication to travelers and executives. Some corporations needing to remind travelers to call the agency, not the airline.

**On Starting Up Again:** Some corporations will have pent up budgets and agents will be ready to sit down and go, but airlines and hotels will take time to ramp up. Corporations be ready – limited capacity, limited inventory, prices up. Consider how quickly TMCs can relaunch. There are differences around the world (European worker councils vs. N. America free will). Get any type of dedicated operations staff attached to your account now, because the individuals assigned to ramp up your program will be key.

**Contract Changes - What's A Transaction?** Booking transactions are down but at the same time travelers are being asked to call the agency for processing. Buyer on a transaction fee model is funding services to the TMC, paying for cancels even though not contractually obligated. Many are quoting force majeure for additional fees. One buyer mentioned the travel budget they're not using right now and the fact that a good partner pays for the work that's being done.

**Talent Retention / Acquisition:** Industry may not come back with same numbers it had before. Some may think it's too volatile to return, getting numbers together for call centers to cover for responsibilities could be a challenge.



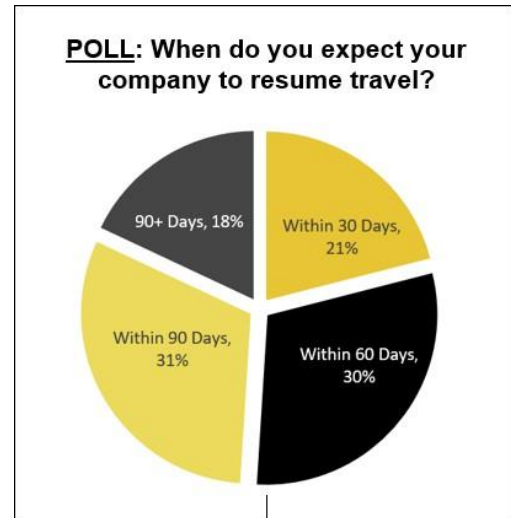
## Q. How are you working with your airline and hotel partners?

### AIRLINES

**Carrier Mixed Response:** Some carriers reaching out proactively, some buyers reaching out and waiting to hear back.

**Automated Refund Restrictions:** Airlines requesting manual requests through ARC. May take weeks or months longer than usual with agencies having to fulfill on backend. Some airlines asking buyers not to refund for a year.

**Unused Ticket Expiration Date Extensions:** Corporations struggling to move unused ticket expiration dates out. Difficulty getting credits back. Big issue as executive realize there's millions in unused credits and they're dealing with shrinking profits and layoffs. One travel manager mentioned ability to move credits to any traveler 90 days out of unused ticket expiration date. Helps utilization. Of course, only works where airlines allow name changes which buyers should have with preferreds. One buyer with lots of executive support at almost 100% reutilization. One option is to measure reutilization rates pre and post Covid-19. Best practice is about 95 %.



### HOTELS

**Some Hotels Proactive:** Hotels reaching out, some corporates successfully renegotiating large meetings contracts. "Over-the-top accommodating" in the words of one buyer. Some buyers bringing cancellation fees down by 50 percent, and re-bookings accommodated without penalty.

**Hotel Closures:** Travel managers are also getting notices left and right that hotels are closing with the hope to reopen when travel is back. TripBam has property-by-property hotel closure link. Daily re-shopping functionality shows which hotels are offline.

**Meetings Cancellation Terms:** Specific to meetings, some buyers are asking for better cancellation terms than contracts stipulate and escalating unfavorable responses up to NCOs. Approaching partners to cancel flights and receive vouchers for future issuance for some cancelled meetings. Most companies have been very responsive, quick to action and eager to help.

**Meetings Attendance:** Expect a reduction in meeting attendance post crisis. Believe there will have more in country and regional meetings versus global meetings.

**Traveler Location Changes:** Travel managers are tracking employees in city hotels and moving to suburban locations, requiring partnership with preferred hotels.

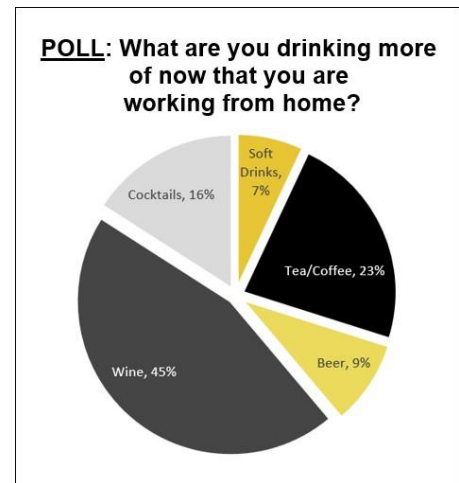
## *Conclusion, observations and recommendations.*

*“Adversity does not build character, it reveals it,” said novelist James Lane Allen. While we all are coping with tremendous adversity, we are also unlocking ingenuity in all areas of travel management. It was evident our SpringBoard Sessions that all of us know there is a way forward and that travel will return. Here are some thoughtful recommendations.*

**On Partnership:** The often-used term “partnership” will be tested like never before. It will most certainly be awhile before volume trickles back in. Buyers can focus on narrowing their supplier relationships and going deeper in the relationships they want to nurture as they seek win-win strategies.

**Agency Relationships:** Where possible buyers can support the travel infrastructure we have in place. Agencies may be mandating new service models, cutting into service level agreements and leaving buyers feeling they have little control and no choice. But buyers who can acknowledge the hardship and work around existing contracts to pay for unplanned operational support and/or to retain key talent, will be first in line to get help when travel does ramp back up.

**Travel Program Reinvention:** And help *will* be needed when travel comes back. Things may look differently, at least at first, in terms of volumes, markets, and corporate policies, processes and provisions. This will be driven by not only the suppliers and the reality of limited inventory, but also by the corporations themselves. Some will be willing to spend right away, considering pent up travel budgets, but others will need to cut in the wake of economic downturn. Either way, most programs will ramp up with an executive eagle eye on travel. Unused ticket banks, traveler security and contract negotiations are only a few of the issues in the spotlight.



**Supplier Relationships:** While it might seem just a bit too enterprising to knock on doors right now and ask for deals, the fact is, travel managers are stewards for their companies and have a fiscal responsibility to manage travel spend to the best of their ability. Operational turmoil is slowing and people are starting to think about what’s next. Approaching suppliers with a willingness to consolidate market share even further and consider prepaid options, especially for airlines, should open doors. Buyers who do so will be well-positioned when operations resume.

**Airline Negotiations:** Again, explore pre-pay options with airlines as they are seeking cash flow and offer to consolidate further with preferreds. Ask for an extension on unused ticket credits, or at a minimum a waiver on name changes.

**Hotel Negotiations:** It’s a soft market, so LRA won’t be effective, dynamic pricing is the buyer friend as rates get lower. Some preferred partners are waiving blackout dates and market share requirements. Hotel program reviews and potential RFPs for 2021 will still need to happen, and the season is quickly approaching. Review legal contracts for meeting cancellations. May be covered by force majeure.

**Moving Forward:** Now is the time buyers can evaluate their current providers and systems and prioritize strategic reviews of their key travel management categories. Tweaking the process during these low transaction volumes means less risk to their organizations and provides time to course correct where needed. They also want to be in front of the oncoming wave.