

# Corporate Travel Policies in Europe: Premium Travel Allowed

The GBTA Foundation, the research arm of the Global Business Travel Association, and Egencia, the corporate travel arm of Expedia, Inc., released results from its second annual Corporate Travel Policy study in Europe, exploring trends and effectiveness in policies.



"It is crucial that all companies look inward at their policies to ensure they achieve the goals they are after. With every traveler on the road there is an optimal point where they are able to do their business effectively while not breaking the corporate bank and studies like this allow us to find that point," said Paul Tilstone, managing director, GBTA Europe.

"This study shows us that policies are remaining consistent despite the increase in travel spend - the importance and focus on travel policies is a good thing and it appears it's here to stay."

Based on best practices and insights from 330 European travel buyers, the study takes a comprehensive look at policy mandates versus guidelines, consolidation, booking procedures, class of service, advance purchases, pre-trip approval, groups/meetings and emergencies, and ancillary fees among other issues - all of which comprise variables that make travel difficult to standardize.

"Negotiating discounts with airlines and other travel suppliers such as hotels is a key travel management objective," said Christophe Pingard, Senior Vice President Egencia EMEA & APAC. "Our study reveals that there is an increase in companies who do not have a preferred hotel programme to 20% in 2011 vs. 5% in 2010, signaling growing saving opportunities in this area. For instance, Egencia consulting teams help clients to implement hotel programs that bring flexibility and control of the costs, by analyzing hotel data and consumption per city, then negotiating

contracts with hotels."

## **Ancillary Fees**

The survey collected information on if and how companies are tracking ancillary fees, finding that 63% of European buyers are tracking ancillary fees (vs. 21% of North American buyers). Of the 37% of travel buyers in Europe that do not currently track ancillary fees, 25% plan to track them within the next twelve months.

Travel managers in Europe said that they are most likely to reimburse travelers for the following ancillary fees for air and hotel:

**Air:** The top amenities travel buyers will reimburse are for baggage fees (73%), itinerary changes (51%), in-flight meals (30%) and preferred seating (21%).



**Hotel:** The top amenities travel buyers will reimburse are for parking (76%), Internet access (70%), airport shuttle (51%) and for late check-out (25%).

## **Enforcing Travel Policy**

Findings indicate European organizations do review their travel policies regularly, with 87% of managers reporting they have reviewed their policy within the last two years. In addition, the study indicates European companies have become less tolerant of policy violations in 2011 with possible non-reimbursement climbing to 21% compared to a reported 14% in 2010 and companies that have no consequences for violations dropping to 13% from 20% in the previous year.

## **Premium Travel**

The percentage of Travel Managers allowing premium class air travel increased to every region outside Europe in 2011 compared to 2010: 46% allow premium air travel to North America vs. 34% in 2010; to Asia-Pacific 38% vs. 28% in 2010 allow premium air travel; to India, Middle East, Africa 50% vs. 38% in 2010 allow premium air travel.

### **Preferred Vendors**

Negotiating discounts with airlines and other travel suppliers is a key travel management objective. Travel Managers that have negotiated discounts with airlines and/or other suppliers are typically based on volume of travelers.

A quarter (24%) of companies requires travelers to accept flights on preferred airlines "whenever they are available." One-in-ten (10%) never require travelers to use preferred airlines.

When it comes to the use of preferred hotel vendors, there is an increase in companies who do not have a preferred hotel programme to 20% in 2011 vs. 5% in 2010, signaling an easing of policy in this area.

72% of travel policies limit the amount employees can spend per night on hotels, and 22% set a maximum class/tier of hotels that can be booked.

### **Lowest Logical Fares (LLF)**

The study also explores policy standards around LLFs, which represents the lowest fare that is consistent with a corporation's travel policy.



Booking Windows: 56% of 2011 survey respondents include windows in their policy requiring

travelers to consider lower fare alternatives before or after their originally preferred departure time.

Connections: 35% of respondents require travelers to accept connections when savings are available and connections do not extend travel time unreasonably.

Alternate Airports: 29% of respondents encourage the use of alternate airports if they are reasonably close to actual destinations.

### **Car Rental and Rail Policies**

Sixty percent of travel policies require travelers to book with preferred car rental vendors, up from 57% last year. Thirty-nine percent of travel managers require travelers to book Intermediate (B/C) class vehicles compared to 33% that mandate hiring compact (A/B) vehicles.

For rail, eighty-seven percent of European companies mandate the class of service travelers are required to book on trains. Of those that do, 33% authorize first class, down from 42% in 2010, and 56% require travel in second class, compared to 64% last year.

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