

# HOW TO GET THE BEST SAVINGS FROM YOUR GROUND TRANSPORTATION PROGRAMME



Travel Trends in 2013 are going to be ground orientated as a main travel management priority for many businesses is to make savings on the various methods of ground transportation. By using ground travel effectively, savings can be generated and journeys can be more convenient for travellers. When planning ground transportation, the best combination of savings can be made by making the right choices and finding the right solutions.

It is important to remember regional variations when integrating ground transportation into a travel management programme, therefore continually monitoring the market is key.

Based on a report written by the business travel management company, Carlson Wagonlit Travel, here is a guide on how to effectively use ground transportation in your business travel programme.

## 1. High-speed rail

As airfares are ever-rising in price, many travel buyers are looking for cost-effective alternatives. Ground transportation is now becoming a popular choice for travel buyers with high-speed rail services being particularly attractive alternatives as ticket prices are often 2-4 times lower for rail than air.

Not only popular with travel buyers but with travellers as well. An analysis of 16 European routes shows that high-speed rail is preferred over air travel for trips up to three hours. Also, rail travel is popular among business travellers as it is convenient and punctual.

So, how can you integrate high-speed rail into your travel programme?

The first step is to identify the main travel routes that could replace air travel with rail travel. Look for the routes that are 500 miles or less and take up to 3 hours. After you have identified the potential routes that can be taken by train, you will need to work out the potential financial savings that could be made. Calculate how much it would cost to continue to travel these routes by air, and then calculate the cost to travel these routes by rail. What is the difference? There may be room for negotiation with certain rail services adding to further savings.

As with air travel, there is a significant difference between the cost of first class and standard class for rail travel, as standard class is at least 40-60 per cent cheaper. Consider only authorising first class rail travel for journeys over a certain length of time, or limit to employees above a certain pay-grade.

Once it has been established what savings can be made through using high speed rail, update your policy to support a rail sourcing strategy and promote compliance through improved communication.

## 2. Car Rental

Typically being given less attention than it deserves, the car rental market can offer plenty of

savings opportunities. Learning how to optimise your car rental policy is key as double figure savings can be achieved by applying best practises.

The first stage of this optimisation process is to gather as much marketing information as possible. A full RFP should be conducted at least every year to see whether an incumbent's pricing and conditions remain competitive. You will then need to request full spend data from suppliers with a breakdown of all the charges. Pay particular attention to ancillary fees as these now equate to 10-20 per cent of total costs.

By using car rental, it is possible to get up to 30 per cent savings by setting up framework agreements. Like with airline contracts, 2 year car rental contracts with preferred suppliers are available and are possible to be re-negotiated mid-term.

When selecting a supplier for car hire services, define a selection process to drive the best savings. By working with a preferred supplier, you are able to maximise discounts. When negotiating rates, consider the cost of all hire options available including daily, weekly and monthly options.

### **Other Road Transportation Solutions**

Other non-obvious methods of road transportation may also help in generating savings. There are many alternatives to taxis such as chauffeured cars, motorbike taxis, personal mileage reimbursement and car sharing. Consider including some of these alternative methods into a ground travel management programme where they may be considered appropriate and where financial savings can be made.

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