



WITH TRAVEL VOLUME AND SPEND GROWING, WHAT STRATEGIES ARE COMPANIES USING TO MANAGE DEMAND?

Business travel is continuing to rebound faster and stronger than expected, with global spending [forecast to reach \\$1.4 trillion](#) and surpass the 2019 high-water mark by yearend, according to Rockport Analytics and the Global Business Travel Association. Travel industry executives marvel at the turnaround, the headwinds that never materialized, and the double-digit increases in business travel spending of some middle-market and large corporations.

Fueling the need to put more employees on the road are market expansions, new business opportunities, increased meetings and events, and more internal face-to-face meetings for employees, who may now work remotely, hybrid or in virtual offices. Employees are also influencing travel decisions. In its 6th annual [study of 3,750 business travelers](#), SAP Concur found a “significant majority (67%) view business travel as essential to their careers, with 51% also enjoying it.” At the same time, the [Business Travel Trends 2024 report](#) from Globetrender and Cytric Easy by Amadeus found that travelers are often more “discerning” when they travel as they seek to derive the maximum value from each trip.

Tempering the demand for travel are rate increases for air, hotel and meals, although the level of increases has moderated significantly compared with 2022 and 2023. It’s clear that corporations are enjoying a newfound appreciation of the value of business travel. But few corporations can sustain year-over-year travel spending increases that some are reporting of 20%, 30%, 50% or more. Balancing company needs with available budgets today requires travel decision makers to devise creative new ways to stretch travel allocations as far as possible and employ demand management techniques to get the biggest return for such expenditures. In this white paper are examples of how some are doing just that.



Optimizing Programs and Stretching Spend

■ Increasing focus on using preferred vendors

Energy Transfer lead specialist for travel Jana Kilishek is increasing use of preferred vendors as a means to stretch travel spending.

“Watching our overall travel costs is something we do in all market situations,” Kilishek said. “However, we have increased our focus to make sure employees are using our preferred vendors whenever possible. This allows us to reduce costs across the board. We also encourage our travelers to rent

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-Madlyn Caliri, RELX Group

vehicles if it makes more business sense in certain markets versus rideshare as we have seen those costs increase. Additionally, we are looking to reduce airline costs for large offsite meetings through group pricing. We are fortunate that overwhelmingly, our employees manage their trips with an eye to reducing excess travel spend whenever possible.”

■ Considering cost and carbon

RELX Group director of global procurement marketing, meetings and travel Madlyn Caliri is encouraging travelers to consider

costs, as well as carbon output of travel. “Our businesses are approaching travel strategically to care for cost and carbon emissions,” said Caliri. “We are committed to traveling when and where we need to be for customers. Once the business decision is made to travel, the lowest environmental and cost impact is taken into account.” Train travel is recommended over air where possible, Caliri said. “And the number of employees attending an event is reviewed more carefully and limited to the essential needs.” RELX has also implemented a dashboard for its CFOs to view current spend and trends and adjust views to reflect factors of interest.

On the supplier side, “We are in constant communication with our key suppliers to find options that benefit both sides. A true collaboration and partnership with suppliers are key,” Caliri said.

■ Looking for New Opportunities

Allegion global travel and expense procurement manager Kelly Christner said, “We don’t have the kind of spend that you need to get huge discounts, and we have very specific markets in which we do a lot of business. We are optimizing our program and working with suppliers who will give us more value.”

Christner is compiling data on cost savings from included ancillaries like free breakfast, Wi-Fi and parking. Savings per trip can range from 2% to 7% depending on the hotel chain

or independent property and the market. Christner joined Allegion six months ago and is building a benchmark on these savings to share with all stakeholders.

■ Reducing travel spend by 13%

Zillow Group corporate travel program manager Tami Pharr is employing a variety of strategies to achieve a requested 13% reduction in travel spend.

“One strategy we are deploying is implementing room blocks for our internal zRetreats of over 75 people,” Pharr said. Zillow implemented a small meetings management tool from Hubli to help source and manage room blocks, which has already resulted in cost savings. “Zillow understands the importance of bringing teams together since we are a 100% virtual workforce,” she added. The company “is committed to never bringing people back into the office, so having zRetreats gives employees the opportunity to bond, learn, strategize and collaborate together. Everyone attends at least one zRetreat a year, and depending on role and function, employees could attend five to eight zRetreats annually.”

The company has also implemented city caps for hotel bookings and daily meal caps. Pharr said she also negotiated with several preferred airline suppliers to reclaim unused tickets either as funds on an airline UATP card or as refunds.



Demand Management and Creative Cost Controls

“Demand management seems to be at an all-time high with our customers,” said GoldSpring Consulting partner Will Tate. “Many are minimizing one-day trips, implementing hotel city caps, and restricting internal trips to virtual meetings. Limiting attendance to other types of meetings is also gaining traction.”

A recent travel buyers survey by BCD Travel found that 96% have introduced cost-control policies in the past few years, with the most popular aimed at reducing travel volume. A majority of respondents (80%) are encouraging meetings online, 59% cut all non-essential travel, 34% are encouraging fewer but longer trips, and 23% are limiting the number of employees on a trip.

Identifying emerging trends, the Business Travel Trends 2024 report said some companies are “[objective stacking](#)” to multiply the value of business travel for the corporation and employee. “As pressure grows to adhere to company sustainability mandates and manage outgoings in the face of soaring prices, there will be increased demands on employees to justify work trips. Objective stacking will become the default way of operating to maximize efficiency and value. Instead of flying in and out for one meeting, sales pitch or event, business travelers will be required to build in time to meet clients, conduct reconnaissance, forge deals, investigate expansion opportunities, conduct competitor analysis or they might even want to tag on a vacation,” noted the report.

BUSINESS TRAVEL IS BACK

Defying predictions of industry experts and prominent business leaders, business travel in the United States, Canada and Europe is rebounding.

■ In its [Business Travel Index Outlook for Canada](#) released in April, GBTA forecast business travel spending to reach “\$25.9 billion USD this year, representing annual growth of 13.5%. This outpaces both global (11.8%) and United States (9.2%) growth forecasts.”

■ Mid-year research by BCD Travel chartered [double-digit growth](#) in both air and hotel bookings in the first half of 2024. Year over year, BCD’s global air transactions were up 13% and global hotel sales increased 27%.

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Sébastien Bazin/Accor

■ In the first quarter of 2024, Accor chairman and CEO Sébastien Bazin said business travel bookings at the company were already at 90% of 2019 levels and “coming back [much quicker than I ever expected](#).” Bazin projected an additional average 8% year-over-year increase in 2024 business travel spending from major corporate organizations.

■ At New York University’s annual International Hospitality Industry Investment Conference in June, CEOs of some of the world’s largest hospitality companies touted what they called [growing business travel demand](#), often with double-digit growth of corporate account business.

■ Delta CEO Ed Bastian credited the corporate segment as one of the drivers of the carrier’s “really strong year-end performance” in 2023. “It’s taken another step forward, and we expect there is more to go. We’re just a shade under where we were in 2019 now for all intents and purposes [and] we’re calling it fully restored in terms of traffic.” Corporate travel volume grew by ["double digits"](#) in the second quarter.

■ On a [recent earnings call](#), United Airlines chief commercial officer Andrew Nocella said business travel bookings in the first quarter were up 14% year-over-year. Corporate was strong “across the board” during the quarter, domestically and around the globe, Nocella said. “We saw nine of our top 10 corporate booking days this year in our history.”

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Others are adjusting travel policies to reflect the current environment. In a new study of travel policies by Mastercard and the BTN Group, nearly half (47%) of travel decision-makers surveyed described their [last policy change](#) as a tightening to simplify employee choices and better control costs.

Travel buyers are adding “more specificity” to policies, such as city caps. Instead of “reasonable” as a general guideline, many travel policies now define acceptable spending ranges, often by city and travel category. Companies are using their own travel expense data for frequently traveled cities to guide employees on typical hotel, meal, ground transportation or per day costs.

Supplier Rate Increases Continue

Corporations have turned to such controls as costs continue to increase for air, hotel and meals. A hospitality report by [PricewaterhouseCoopers](#) predicted a 1.2% average rate increase for 2024, and noted that, “Both occupancies and room rates are expected to experience only marginal growth in 2025.”

According to STR president Amanda Hite, despite the softening, a sign that business travel demand remains durable is that the upper upscale and upscale tiers significantly outperformed the midscale and economy tiers. She noted that recent improvement and growth in demand occurred on weekdays, and mostly centered in the top 25 markets, a traditional sign of strengthening business travel demand.

In the 2024 [Annual Global Business Travel Forecast](#) by CWT and GBTA, CWT CEO Patrick Andersen sounded an optimistic note regarding 2024 price increases.

“A potent combination of demand and supply-side pressures propelled travel prices higher than expected last year. Prices now seem to be leveling off with much milder increases projected over the next 12 to 18 months. We could now be looking at the true cost of travel.”

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Are Corporations Willing to Invest in that ‘True Cost’ of Travel?

Various studies point to higher travel spending as well as more creative budget-stretching. Survey results in TravelPerk’s [The Value of Business Travel Report](#) show that travel budgets are increasing this year and will continue to increase into 2025.

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“From inflation and recession to layoffs and cutbacks, economic headwinds have been impossible to ignore,” said TravelPerk CEO and co-founder Avi Meir. “In this context, you’d expect company budgets to be slashed across the board, but this couldn’t be further from the truth.”

TravelPerk surveyed travel decision makers in 2,000 companies globally. Nearly half (49%) of business travel decision-makers said they expected their travel budget to increase throughout 2024 and into 2025, with an average increase of 20%. Expansion to new market (47%), attending more conferences and events (45%) and growing headcount (39%) were top reasons for the growing travel budgets.

The ongoing momentum in the industry is reflected in the experience and expectations of travel buyers. [A recent GBTA poll](#) found that 2023 business travel bookings increased for 83% of travel buyers and a majority (59%) expected an increase in the number of business trips at their company in 2024.

“Along with an anticipated rise in travel volume comes a projected increase in travel spend,” Mastercard [“Navigating Global Business Travel”](#). “Where only 11% of travel decision makers reported spending more than \$1 billion on travel annually pre-pandemic, 31% say they do so today and 52% imagine doing so in 2025,” according to results of a survey of 541 respondents in the U.S., Canada and four other countries.



“Value is key when it comes to business travel. A trip must fulfill multiple objectives, be increasingly sustainable, simple to book, and have a positive impact on both the employee and organization for it to be worth the time and money investment.”

-Deborah Mahoney, Amadeus Cytric Solutions

Conclusion

A number of economic and marketplace forces will continue to shape business travel prices and demand for the remainder of 2024 and into 2025, challenging business travel managers and budget owners to use their budget dollars wisely in support of their company's goals and objectives.

While specific strategies will vary according to each organization's changing circumstances, Deborah Mahoney, Amadeus Cytric Solutions' head of sales and business development in the Americas, offers a [guiding principle](#) to help travel managers navigate the fast-changing business travel landscape.

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