

Uncovering the truth

about corporate hotel bookings

*The benefits of booking hotels through
a Global Distribution System*



Executive summary

Most corporate travelers book their air travel arrangements through their partner Travel Management Company (TMC) knowing that they can get the best rates, great travel options and the right support. But, what's interesting and somewhat surprising is that the majority of these travelers then make their hotel reservations using other booking channels – even if it's for the same trip.

Which is why, in 2012, Travelport conducted the Travel Agent Hotel Booking Channels Survey, to uncover the reasons for this inconsistency and investigate how hotels are actually being booked.

The survey found that many corporate travelers that make hotel reservations using other booking channels might do so because they don't fully appreciate the benefits of using their TMC, and therefore, the Global Distribution System (GDS).

These benefits include cost savings through special rates and deals which TMCs can negotiate on behalf of their customer. Also, such bookings are flexible, which means the reservation can be easily cancelled or rearranged if a meeting or conference changes.

Also, when all the booking information is stored in the GDS system, it makes it simple to track travelers' whereabouts in case of emergency. And if there are any issues with travel arrangements, the travel agency will provide full support for the traveler when they're in their destination.

The booking process itself is also very efficient. All it takes is getting in touch with the travel agency on the phone or using an online booking tool. Then, they will use the latest comparison technologies, coupled with their industry experience, to quickly find the best travel options.

As a corporate travel manager, it's important to make sure travelers do book their hotels in the GDS, so your business can enjoy all benefits.

Introduction

In 2012, Travelport conducted the Travel Agent Hotel Booking Channels survey to explore how corporate travelers book their hotels. It found that although many corporate travelers book air travel through their partner Travel Management Company (TMC), only 48% book their accommodation in this way. Instead, they look to other channels, such as Online Travel Agencies (OTAs) or book directly with the hotel.

However, when travelers book hotels outside the GDS, businesses miss out on many important benefits. These include tracking policy compliance and cost savings, traveler security and flexible booking arrangements. This paper outlines these key benefits, and explains why it's always better to book corporate travel accommodation in the GDS.

Travelport's 2012 Travel Agent Hotel Booking Channels Survey

The study aimed to investigate how corporate travelers are booking accommodation for business travel. It was based on in-depth interviews with staff at Travel Management Companies (TMCs), including Radius Travel and its global network members.



Cost savings

Travelport's survey showed that many TMCs have found prices in the GDS to be generally cheaper than those available through any other channel.

With the help of their partner TMCs, companies often negotiate preferential rates directly with hotel chains, which are then stored in the GDS. These specially negotiated rates give corporate customers access to the best terms and prices – better than would be available if they booked online, or directly with the hotel.

However, companies have to meet sales volume targets to secure the contract and ensure preferential rates remain available the following year.

When employees make bookings themselves, it becomes harder for TMCs to report on volume sales to these hotel chains, putting the deals at risk. By channeling all bookings through the TMC, travel managers can report fare volumes more easily and accurately to hotels, and protect their negotiated rates.

In addition, TMCs leverage their buying power on behalf of customers. By negotiating extras such as breakfast and Wi-Fi, the rate becomes even more cost-effective.

Booking outside the GDS also makes it very difficult for corporate travel managers to track policy compliance and control costs. This can result in travel spend going above and beyond the company's set expenditure limits, and causing difficulties in the long-term.

Dedicated reporting

To secure the best hotel rates for corporations, TMCs need to clearly demonstrate booking history in order to leverage their buying power with suppliers. Travelport helps TMCs to gain a thorough understanding of booking patterns by appointing dedicated Business Development Managers and providing robust reporting capabilities in the GDS. With this support, TMCs are better equipped to negotiate effectively, and ensure the best travel deals for their corporate clients.

Travelport's Rate Audit Tool

The survey showed that some TMCs become frustrated as negotiated client rates aren't loaded accurately into the GDS. Indeed, based on these findings, Travelport estimated that around 30% of rates aren't correctly stored in the system. Travelport's Rate Audit Tool, introduced in 2013, automatically checks negotiated rates in the GDS to make sure they are always available for agents at the first time of asking.

An increased duty of care

The survey showed that many TMCs found their out-of-hours services work better if all aspects of a trip, including accommodation, have been booked through the GDS.

When accommodation is booked in the GDS by the TMC, the booking information flows through the GDS into the company's traveler tracking system, which means employees can be easily found in case of an emergency. If hotel bookings are made outside the GDS, while these details can be manually inputted into the system, it's time consuming and prone to errors.

And while major emergencies are, thankfully, rare, travelers do often require out-of-hours assistance which TMCs will provide. If there's an issue with the hotel, the traveler can call the TMC directly to resolve it – and it's much quicker and easier for the agent to do this if all the information is together, in one place, in the GDS.

Chris McAndrews, Senior Vice President of Marketing and Partnerships at Radius Travel, says: "The Radius Global Hotel Program offers our clients a turnkey solution to great rates on over 39,000 properties across 135 countries. Since the Program is fulfilled through our trusted GDS partners, we are able to offer flexibility, including Last Room Availability, and amenities such as late check-out or free Wi-Fi, and the assurance that each booking captures the traveler's full details to ensure duty of care."



An easier travel experience: both when booking, and in destination

Travelport's research found that many travel agents use the GDS for hotel bookings as they believe it's the easiest way to quickly find the best, and most convenient, accommodation options.

Some travelers believe it's easier to book a hotel themselves, rather than going through their company's partner TMC. But, in truth, it can save travelers a lot of time to book through a corporate travel agent.

Using the latest GDS technologies, agents are able to very quickly compare and contrast hundreds of hotel choices, to find the best rooms for their travelers. They also offer their expert travel knowledge and understanding of their customers' needs. For example, choosing a hotel on a busy road when the traveler needs to set off to a conference in rush-hour traffic might not be ideal. Instead, a travel agent might consider a hotel further away from a conference venue, but easier to travel to and from.

Another benefit of booking accommodation in the GDS is that reservations are generally very flexible. If a conference venue changes, or a meeting is rescheduled, the TMC should be able to easily cancel or change the booking. Travelers don't always get the same flexibility if they book directly with a hotel or via an Online Travel Agency (OTA), and can even end up paying for rooms that they never even sleep in.

Find the most flexible rates

Sometimes, corporate clients need extra flexibility for their accommodation arrangements. In those cases, Travelport's GDS offers a special search function which enables travel agencies to find the best possible rates for increased flexibility.



A wide variety of options

Travelport's survey showed that choice is becoming very important, as corporate travelers' accommodation requirements become more diverse and varied.

One of the reasons why corporate travelers and travel manager book outside the GDS is that they don't think there is enough choice in the GDS, or that they won't find the hotel they're looking for. Indeed, of the Travel Management Companies (TMCs) surveyed in Travelport's survey, 65% cited that one reason they choose to book hotels outside of the GDS is that they think the property their corporate client is looking for isn't in the system.

It is true that GDSs were originally designed to handle flight reservations and perhaps, at one point, hotel content was quite limited. However, things have changed dramatically over the years. Most GDSs now contain a broad variety of content, and don't just include major hotel chains, but also budget accommodation, apartments and B&Bs.

Of course, there's no disputing that the Internet offers all these options and more. But by using the GDS to access accommodation, rather than searching online, the corporation can still enjoy all the functionality and benefits of booking through the GDS, such as traveler tracking and the best available rates.

Choice in Travelport's GDS

Travelport's core GDS contains over 90,000 hotels – but that's just the beginning. It also offers access to three times as many properties through other solutions.

For example, Travelport Rooms and More™ is a web-based solution which integrates with the GDS and offers access to over 450,000 independent accommodation providers. What's more, the choice is wide, with the solution providing B&Bs, budget accommodation, boutique hotels and everything else in between.

Another way that Travelport brings more properties and more choice into the GDS is through its developer platform. By leveraging its open-standard APIs, agency developers can create their own tools to pull in extra content from outside the GDS.

Accurate rates

Travelport's 2012 survey found that one of the reasons why many TMCs choose to book hotels in the GDS is that it has the most reliable inventory.

When a room at a particular rate is sold out, it is taken out of the GDS immediately so it doesn't show up in searches – but the same cannot be said for other channels, including online travel agencies and hotel websites. As unavailable rates are not removed straight away, what at a first glance appears to be more choice, can actually be out-of-date prices.

Final word

There are many reasons why it's better for corporations to book hotels with their TMC than through any other channel. Not only is it the most efficient way to find the best accommodation options, but through the traveler tracking system, it's important for safety reasons.

Also, although room rates may appear cheaper elsewhere, this is generally not the case. Employees can end up with inflexible options that become costly if they need to rearrange, and it damages the corporation's ability to negotiate low rates with suppliers.

As a corporate travel manager, you probably already know about these benefits. But if accommodation booking isn't properly controlled, then travelers will book hotels however they wish – especially if they want to reap the benefits of loyalty cards that they may hold for a particular hotel chain.

That's why it's also a good idea to talk to your employees, and make sure they are aware of the advantages of booking hotels through the TMC. As this paper shows, there are clear benefits not only for the company's travel program, but also the travelers themselves.

And to be sure that your TMC offers all the benefits discussed in the paper, it's important that they are using a robust and sophisticated GDS. Get in touch with your TMC to make sure you're getting the great value you should be.

About Travelport

Travelport is delivering the future of corporate travel, helping our customers (both corporations and TMCs) optimize their technology strategies.

We are a world-leading Global Distribution System (GDS) provider that delivers aggregated, global travel content for corporations and their partner TMCs.

Every five minutes, Travelport:

- Completes 225,000 air, hotel and car searches
- Manages more than 2,300 passenger movements
- Processes 12.6 million messages

To find out more about Travelport and how we can help you build your future success, please visit www.travelport.com

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