

CWT'S GUIDE TO 2012

▶ Winning strategies for Irish travel buyers

2012 is set to be a challenging year for travel buyers. The threat of a return to recession looms large as the eurozone wobbles and business confidence wavers. No one is entirely certain what 2012 will hold. The only certainty is that there will be uncertainty.

At the same time, airfares, hotel rates and other areas of travel spend are going up, pushed higher by returning demand and lofty oil prices.

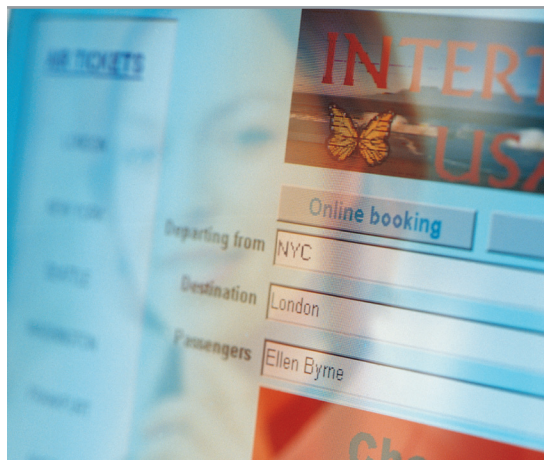
To help with this challenging landscape, Carlson Wagonlit Travel (CWT) has developed winning strategies for travel buyers in the coming year: ideas for quick wins, medium-term strategies and others that are less obvious or will take longer to implement but will deliver big returns on investment (ROI).

IRELAND 2012



TRAVEL POLICY

With travel budgets kept level or being trimmed, travel policy will come under greater focus.



QUICK WIN: Review your travel policy annually. Some policies have gathered dust as they have not been looked at in years.

MEDIUM-TERM: Link your travel policy to your company's sustainability agenda. Manage the demand for trips, pushing travellers taking "unnecessary" trips towards audio or video-conferencing.

LONG-TERM ROI: Rework your travel policy to make sure it is aligned with your company's business strategy. Go to see your CEO or CFO and ask them what they want to achieve and see how your business travel programme can reflect that. With travel budgets kept level or being trimmed, travel policy will come under greater focus.

THE RISING COST OF AIR

Returning demand for air travel, particularly in premium classes, means prices are rising. Other costs related to air travel are also rising.



QUICK WIN: Consolidate your spend among a small number of preferred airlines. There are always deals to be done, particularly on highly competitive routes.

MEDIUM-TERM: Ancillaries, airline extras such as preferred seating and baggage charges, earned airlines USD\$21 billion in 2010, according to research by IdeaWorks, and are expected to raise even more this year and next. Make sure you are tracking what your travellers are spending on ancillaries through your management information.

LONG-TERM ROI: Remember that aviation's inclusion in the EU's Emissions Trading Scheme puts upward pressure on air fares in 2012. Ask the corporate sales managers at your preferred airlines how they can help mitigate these rises, through greater discounts on the base fare and soft benefits such as upgrades and lounge access.

GOING ONLINE

Implementing an online booking tool can lead to lower costs and greater control for travellers in your company.



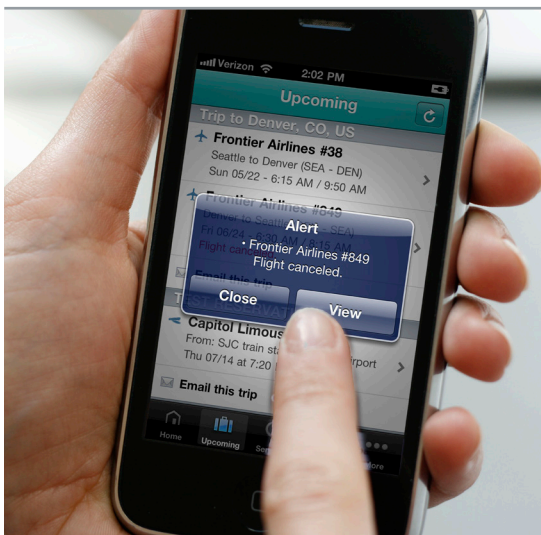
QUICK WIN: Consider whether your company is ready to go online. Ask yourself whether your employees have easy access to PCs and fast internet connections and whether there is a self-service culture that can be tapped into in your organisation.

MEDIUM-TERM: Make sure your travel policy works in an online booking tool environment. This means reviewing the policy to ensure there are no shades of grey over what applies to whom. Any vagueness will be impossible to implement online.

LONG-TERM ROI: Consider implementing a policy that dictates that any trip with two sectors or fewer needs to be booked online. Use CWT to implement it, referring travellers to the online tool if they call.

MOBILE

Research by Púca Technologies in October 2011 showed that more than half (54%) of the Irish adult population now owns a smartphone. That statistic shows that, after years of false dawns, 2012 may very well be the year of the mobile, which will put the traveller at the very centre of the whole travel



QUICK WIN: Recognise that company travellers will travel with smartphones, either company-provided handsets, private devices or both. Take a survey among your travellers to find out what they carry with them.

MEDIUM-TERM: Collect and store your travellers' mobile phone details in a central database and use this to keep in touch with your travellers on the road. Be sure these details are stored in CWT's traveller profiles.

LONG-TERM ROI: In 2012, the mobile tool *CWT To Go* is set to become even more powerful. Equipping your travellers with mobile tools that let them make changes to their itineraries, get the latest travel information and make new bookings all within travel policy is a winning strategy.

Download CWT To Go: www.carlsonwagonlit.ie

KEY PERFORMANCE INDICATORS (KPIs)

Without measuring how you are doing, a travel programme is likely to wander aimlessly.



QUICK WIN: Set targets on how many tickets are bought 7, 14 or 21 days in advance as well as the proportion of unrestricted tickets bought.

MEDIUM-TERM: Set KPIs that align with your business strategy and communicate those internally among all of your stakeholders. People love trying to beat targets.

LONG-TERM ROI: Use the *CWT Programme Management Centre* to monitor your KPIs in real-time. Use the traffic lights to see where improvements need to be made and address the issue before it becomes a serious problem.

HIGH OCCUPANCY, HIGH PRICES?

Greater demand for hotels in Asia Pacific, a lack of supply in countries such as Brazil and the 2012 Olympic Games in London mean that buyers face difficulties in securing good rates and availability in key destinations.



QUICK WIN: For high demand cities, consider new properties in new areas, particularly as global and national chains bring more independent properties into their portfolios. Being flexible could save you money.

MEDIUM-TERM: Build relationships with hotel groups for the long term and recognise that business must be profitable for the hotel as well as good value for the buyer. That said, there may still be opportunities to review 2012 hotel programmes part way through the year if the economy doesn't strengthen.

LONG-TERM ROI: Consolidate your hotel spend into fewer properties and show hoteliers that you can control where your travellers stay through a more rigorous application of policy. Over the long term, this consolidation should bring savings.

AIRLINE ALLIANCES

In the tougher economic climate, airlines have started to work much closer together, through joint ventures as well as looser alliances, such as oneworld.



QUICK WIN: Ask the airline corporate sales team what benefits their getting together with other carriers will bring to your company.

MEDIUM TERM: As the airlines are playing harder in negotiations, play harder with them. Moving market share to a rival joint venture or alliance now has much more weight.

LONG-TERM ROI: If your company is sending a lot of travellers with an airline group on a particular route, ask for a schedule that suits you. If your organisation is making the route profitable, the timings should suit you.

PERFECT TIMING

Any comedian will tell you that the key to success is timing and the same applies in business travel.



QUICK WIN: Ask your travellers to think about booking a restricted ticket on a particular timed train rather than one that offers flexibility.

MEDIUM-TERM: Book the travel rather than the meeting. This means encouraging your travellers to book a meeting for, say, lunchtime rather than first thing in the morning so that your travellers can take advantage of off-peak options.

LONG-TERM ROI: Work out a strategy with your CWT programme manager to change traveller behaviour when it comes to buying tickets. Our research shows that each day's delay in booking equates to a 2% increase in average ticket price in the two weeks before a flight*. Establish a key performance indicator (KPI) that measures how far in advance people are booking and publicise it.

**Playing by the Rules: Optimising Travel Policy and Compliance*

STRATEGIC MEETINGS MANAGEMENT

More and more companies are recognising that they are often spending more on meetings than on transient travel and that managing meetings more tightly will help reduce spend.



QUICK WIN: Go and talk to people organising the events – PAs, the training, marketing or HR departments – to understand what the opportunities would be if the company pooled its spend.

MEDIUM-TERM: Recognise that hotels are likely to be more interested in meetings and events spend than transient travel spend because it is higher margin business, and use that as leverage in your negotiations.

LONG-TERM ROI: Employ strategic meetings management, controlling the spend for meetings and events in the same place in your organisation as transient travel. Invite *CWT Meetings & Events* to demonstrate how you could be improving your savings while raising the quality of your events and meetings management.

GOING GREEN

The green agenda is looking to become increasingly important during 2012. The travel programme can be reviewed to help the company meet its sustainability goals.



QUICK WIN: Look at your organisation's fleet usage, particularly so-called grey fleet where people are using their own vehicles to travel for business, which are typically older and more polluting. Does car hire make more sense?

MEDIUM-TERM: Don't think that video-conferencing (VC) is a cure-all. While the carbon reductions are important, many organisations find that if VC is not managed properly it can become a bigger cost.

LONG-TERM ROI: Business travel can account for up to 25% of total company carbon emissions. Get ahead of the curve by looking at reducing your travel-related carbon now, working with CWT to measure, report and reduce your emissions.

MORE ISSUES TO WATCH IN 2012

▶ **COMPLIANCE:** Be aware that the economic downturn means that people are more concerned about job security and are therefore more willing to comply with a stricter travel policy.

▶ **BRIC DEMAND MANAGEMENT:** The BRIC (Brazil, Russia, India and China) countries are becoming more important and demand to those regions has remained buoyant, so fares and hotel rates have remained high and are likely to increase. On the air side, extra capacity from Gulf carriers has been good news for keeping the market in check.

▶ **THE BIGGER PICTURE:** Look at the total cost of travel. On average, booking transaction fees are less than 5% of travel spend so seek innovation and efficiencies around the whole travel programme.

▶ **DIRECT CONNECTS:** Carriers such as American Airlines are trying to drastically reduce their distribution costs and are looking at selling their seats through direct connections rather than via the Global Distribution Systems (GDSs). The airline has filed for Chapter 11 bankruptcy protection and this may result in changes to this strategy.

▶ **TICKETING DEADLINES:** Airlines are forcing tickets to be issued earlier than ever before. This means that companies are going to have to look at their trip authorisation policies to make sure there is enough time between booking and ticketing to examine the ROI for a business trip.

▶ **AIRLINE CREDIT CARD FEES:** Carriers have started to look at imposing fees for companies using credit cards for certain types of air booking, particularly in economy class. These may be coming to our shores soon.

READY TO GET STARTED?

Contact your programme manager for more information or to implement any of these winning strategies in 2012.

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