



# Travel Industry 101



Travel Management Company (TMC)

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## ***Service and Convenience***

- *Travel Agents 24/7*
- *Online Booking Tools*
- *Payment Options*
- *Communications*
- *Traveler Portal & Mobile Apps*



## ***Savings***

- *TMC vendor programs / Vendor negotiations*
- *Airline business programs*
- *Unused ticket management*
- *Voids, waivers, favors*
- *Apply policy or guidelines*



# ***Risk Management***

- *Duty of Care*
- *Traveler tracking*
- *Notifications*
- *Data feed to third party*
- *Mobile Apps*



# Actionable Data

- *Reporting options*
- *Benchmarking and Analysis*
- *Dashboards*
- *Mobile Apps*
- *Integrations*





Airline Programs

Eric Holifield

Delta Air Lines



## *Why Choose an Airline Partner*

- *Savings*
- *Beyond Contract Value*
- *Data and reporting*
- *Sales Support*



## ***Types of Airline Contracts***

- *Corporate Sales Agreements*
- *Mid Size Agreements*
- *Rewards Points Agreements*



## ***Airline Terminology***

- *Fair Market Share (FMS)*
- *Data Release Authorization (DRA)*
- *Fare Class*
- *Marketing Carrier*
- *Operating Carrier*
- *Service Class*
- *Share Gap*
- *Hubs*
- *Validating Carrier.*



## ***Contracting Steps***

➤ *Data Request Authorization*

➤ *Data Analysis*

➤ *Discounts offered*

➤ *Negotiations*







Car Rental 101  
Or  
Buying Best Practices for Your Itty-Bitty  
Category

## **Agenda**

- *Who, What, When, Where and Why*
- *Pricing is Important, but What Else Should I consider?*
- *Decoding the Hieroglyphics of Ancillary Fees and Add-Ons*
- *Loyalty and Status*
- *Booking Channels and How to Maximize*
- *Okay, Now How Do We Pay For It?*
- *Going Global? Things to Consider*

## *Who, What, When, Where and Why*

The car rental industry has seen rapid consolidation in the last 10 years and primarily your contracting options are limited to 3 main suppliers



National Car Rental  
Enterprise Rent-A-  
Car  
Alamo



Hertz  
Dollar Rent A Car  
Thrifty Car Rental  
Firefly



Avis Car Rental  
Budget Car Rental  
Payless Car Rental

While there are many choices it is important to find the supplier that has the right footprint and capabilities to service your travelers



## **Who, What, When, Where and Why**

What should be considered when selecting a supplier?

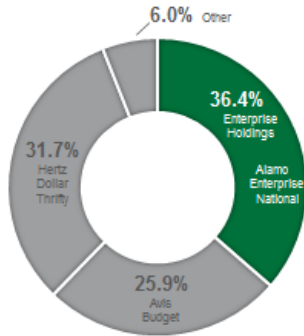
**Market Share** – The most standard measure in the car rental industry is On-Airport Market Share. The more Share a particular company has, the better chance they will have the availability, vehicle choices and convenience for your travelers

**Location Volume** – Having On-Airport locations only solves half the problem. Many Colleges and Universities have non-traditional car rental needs, so choosing a supplier that has a robust Off-Airport footprint convenient for travelers is also important

**Fleet Size** – The more cars a supplier has, the better the chance is that your traveler will be able to get one when they need it. It's also important to look beyond the traditional "sedan" and make sure your supplier can provide additional vehicle options such as minivans, SUVs, pick-up trucks, etc. If there is one thing I have learned working in the collegiate space it's that the needs are anything but "traditional".

## U.S. Airport Market Share

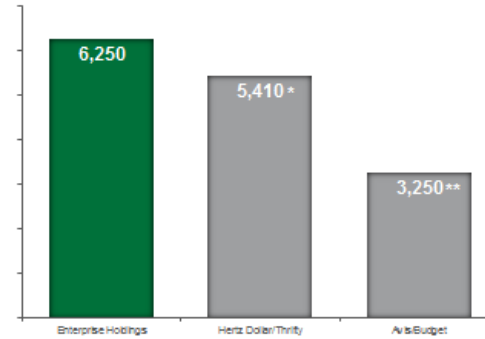
2015 on-airport market positions



Source: Airport Authorities; rolling reporting for September 2015

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## Car Rental Industry U.S. Locations

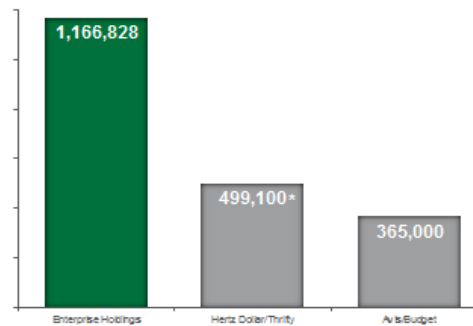


Source: Auto Rental News - Fact Book 2016

\* Locations as reported by Hertz. Include kiosks. \*\* ARN estimate

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## Car Rental Industry U.S. Fleet



Source: Auto Rental News - Fact Book 2016

\* ARN estimate

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**Who, What, When, Where and Why**

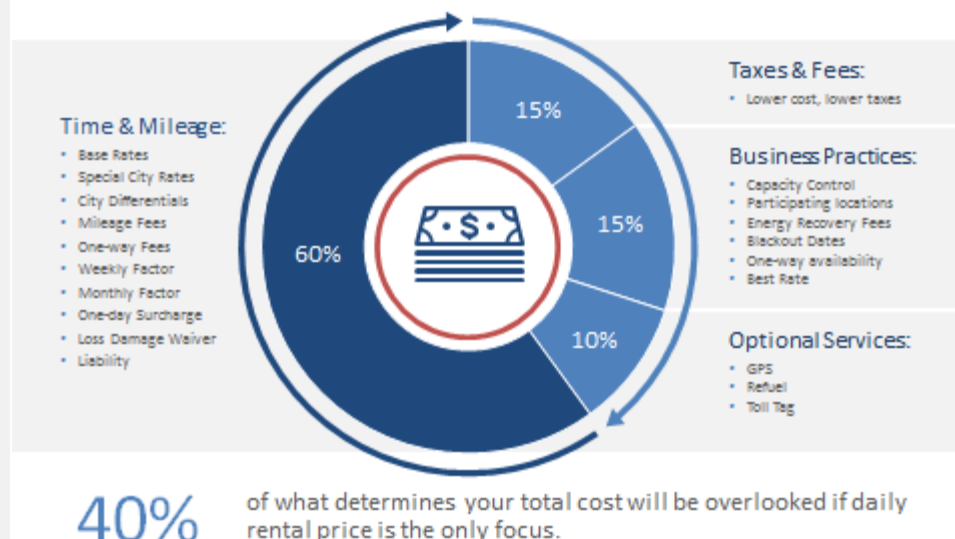
**Other Areas to Consider when evaluating suppliers**

- *Company Stability*
- *Customer Service Recognition*
- *Account Management and Access*
- *Sustainability Initiatives and Measurables*
- *Total Transportation Solution*
- *Use of Technology and How it Benefits Traveler and Travel Management*

## **Pricing is Important, but What Else Should I consider?**

When negotiating an agreement it is important to focus on the best rate, but it's not the only thing

- T&M Escalators
- Supplier Best Practices
- Optional Services
- Ancillary Fees
- Below the Line Charges



Considering the whole picture in negotiations will ensure the best overall value for your travelers and your program

**Most importantly, don't be afraid to ask questions!**

## **Decoding the Hieroglyphics of Ancillary Fees and Add-Ons**

Nothing can drive up a rental bill faster than “ancillary charges” or Add-Ons, but many of these are negotiable contract items or avoidable based on supplier business practices

Some you may have heard of include

*Additional Driver Fees*

*Underage Driver Fees*

*Refueling Fees*

*Mid-Week Surcharges*

*One-Day surcharges*

*GPS Charges*

But did you know many suppliers will also charge the following fees?

*Energy Recoupment Fee*

*Late Return Fee*

*No-Show Fees*

*Rental Extension Fees*

*Frequent Flier Fees*

*Licensee Surcharges*

*Satellite Radio Fee*

*Tolling Fees*

Some of these charges are unavoidable, but by asking questions you can find out which ones and whether the costs can be negotiated, or waived altogether

## **Loyalty and Status**

Loyalty programs across the industry offer a number of similar benefits to travelers

### **Counter Bypass   Loyalty Benefits   Hard Coded Profile**

It is important to look beyond the basics and ensure that the loyalty program for your travelers offers the maximum ROI to your program

- For Counter Bypass, does my traveler select his own vehicle or is it selected for him? Do they receive upgrades or do those cost extra?
- How does the loyalty program drive cost compliance and ease of program management?
- What other benefits are available – Drop and Go, Arrival & Return Alerts, Virtual Checkout
- What Status Tiers are available for my travelers and will my supplier “Status Match”?

## **Booking Channels and How to Maximize**

There are typically four primary booking channels that travelers can go through to reserve a car and despite best intentions, many times travelers will choose the option that works best for them, not what is best for the travel program

**Online Booking Tool** – *Depending on the program, this option provides maximum visibility from a travel management perspective. As long as the account number is loaded into the tool and/or the travelers profile, contract terms and conditions should be applicable*

**Dedicated Web Portal** – *Using a suppliers direct website is a popular option but also has it's drawbacks. Unless the traveler knows the account number or has his loyalty profile loaded into the site when making reservation, the supplier has no way of knowing contract terms and conditions.*

**3<sup>rd</sup> Party Booking Site** – *This is the least attractive option. Most 3<sup>rd</sup> party sites advertise low prices but there is no way to load an account number or loyalty program.*

**Supplier Direct Call** – *Most companies do not give out contract information so this option is also not recommended. The traveler would need to have the account number and/or their loyalty number to ensure contract terms and conditions are honored*

## **Booking Channels and How to Maximize**

### **Best Practices for Booking**

- If you have a dedicated Online Booking Tool it is important to maximize it's usage. Many private sector companies use gamification or other tactics to drive compliance. You can also work with your suppliers to identify travelers booking outside the tool for direct communication and education
- "Deal Hunting" may sound great, but most of the time more physical capital is wasted searching for a discount than if booked through valid channels, and many times the traveler ends up paying more because negotiated terms (waived fees, coverage, etc.) are not applied.
- Direct messaging to your travelers on loyalty programs and their benefits can be a great way to ensure contract compliance. It's also important to make sure they have the correct account numbers loaded in their profile to help ensure they receive the right benefits and their activity is recorded for reporting purposes



## **Okay, Now How Do We Pay For It?**

There are multiple billing options widely available in the car rental industry. The most common are

**Credit Card Payment** – Either a university issued card or personal card can be provided at time of rental and in most cases can be added directly into a renters loyalty profile for ease of payment

**Billing Account Payment** – “Direct” billing options vary by supplier but most can establish dedicated billing accounts based on program needs, departments, type of need, etc. Payment is typically either a standard net term payment or immediate (charge to dedicated card) and usually this decision is based on specific invoicing needs

## **Going Global? Things to Consider**

- Insurance Coverage varies by country and rarely does the same coverage offered in the US apply. It is important to know what your agreement covers and what additional products your travelers should take to fully cover your university
- As with domestic bookings, deal hunting is discouraged. There may be products or services included in your negotiated program that are not available on a 3<sup>rd</sup> party site which can drive up costs exponentially
- Make sure your travelers understand the requirements to rent in each country they intend to travel to. Many countries have different laws related to passport or identification, method of deposit or payment, etc. and this can lead to increased expenses and frustration.
- Car classes are significantly different and Automatic transmission is not the “standard” like in the US. Make sure travelers understand this and are booking accordingly.
- One common best practice from the private sector is dedicated space on a travel page for travel abroad. This puts all relevant information in one place for your travelers

## **Summary**

- *Make sure that you are selecting a supplier that can meet as many of your unique needs as possible. Failing to do so will dilute your buying power and end up costing more in the long run*
- *Negotiated pricing is important, but only part of the process. Make sure you are asking questions and reviewing to ensure your costs are transparent and easily understood. Remember, many ancillary fees are negotiable so do not be afraid to ask.*
- *Make sure you are selecting a supplier that offers a comprehensive loyalty program for your travelers. Happy Travelers = Compliant Travelers.*
- *Identify the correct booking channels for your program and take time to communicate this effectively. Work with your supplier to identify travelers going outside the system to “reel them back in”.*
- *Select the payment method that best fits your program needs and make sure you have a supplier that offers flexible alternatives*
- *When traveling abroad make sure your travelers have a dedicated place where they can get all the necessary information*



Hotel Industry 101

Joe DeMille

Turnberry Isle Miami

- *Do Hotels really want your business?*
- *How can we get discounted pricing from hotels?*
- *What are hotel company priorities today?*
- *Let's review some basic hotel terminology*



## ***Hotel Terminology***

- *Smith Travel Report (STR)*
- *Revenue Per Available Room (REVPAR)*
- *Locally Negotiated Rates (LNR)*
- *Last Room Availability (LRA)*
- *Non-Last Room Availability (NLRA)*
- *Average Daily Rate (ADR)*
- *EBITDA*



# Questions?



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