



GRAY DAWES
— CONSULTING —

RESEARCH PAPER

HOW TO CONTROL COSTS

IN A CORPORATE TRAVEL PROGRAMME

18 February 2022

WELCOME

Part of the Gray Dawes Group, Gray Dawes Consulting is an impartial, team of experienced travel data experts who combine 60 years' experience, market-leading tools and inspired analytics to drive corporate travel booking efficiencies, cost savings and traveller satisfaction.

Our approach is to fully understand a client's business, its culture, employees and business objectives to help us make informed, realistic, achievable and measurable recommendations around enhancing your travel programme.

Through our GET SET programme, we're currently working with clients to prepare in readiness for a return to business travel in the COVID19 landscape; ensuring they comply to duty of care legislation while meeting their sustainability, wellness, and financial budgetary goals. Through our 28 KPI analytical studio, our expert consultants provide bespoke solutions in areas such as authorisation processes, booking policy, supplier programmes and expense integration; achieving an average 8-13% savings within the first year of engagement.

OUR AIM

This research paper is intended to evolve your travel programme and help you better navigate the post-pandemic business travel landscape.

CONTENTS

*	4	INTRODUCTION
*	6	THE DATA
*	12	RECOMMENDATIONS
*	20	SUMMARY
*	24	ABOUT US



INTRODUCTION

Welcome to the latest report in our quarterly series designed to facilitate and assist discussions that travel managers should be having.

INTRODUCTION

CONTROLLING THE COST OF BUSINESS TRAVEL

**AS MARKET
PRICES INCREASE
FOLLOWING THE
GLOBAL PANDEMIC,
WE EXAMINE HOW TO
EFFECTIVELY CONTROL
COSTS IN A CORPORATE
TRAVEL PROGRAMME**

Our aim in producing this research paper is to evolve your travel programme and help you better navigate the post-pandemic business travel landscape.

To create this report, we have evaluated Gray Dawes Travel's client data to assess the impact of COVID-19 on their travel programmes via the following approach:

- analysing a series of industry's key performance indicators
- examining shifts in business strategy, booking behaviour and costs
- identifying probable drivers for the trends
- offering our recommendations for businesses in planning for their return to corporate travel.

The data compares the Q4 2021 data to the six-month period leading up to COVID-19, referred to in this report as pre-COVID (September 2019 to March 2020) and Q3 2021.

While we make every attempt to forecast accurately based on supplier and client data, our forecasts are subject to no further new variants of concern being identified and vaccination rates continuing as at current levels.

If you find this report and would like to receive further industry insights, please follow our Gray Dawes Consulting LinkedIn page (www.linkedin.com/showcase/gray-dawes-consulting/) so you don't miss out.

Enjoy the report and travel safe.



THE DATA

Overall, Business travel transactions were 74% down on pre-COVID19 levels. However, that doesn't tell the whole story as November and December were only 19% and 12% down on the same periods in 2019. A sign of a resilient bounce back with face-to-face meetings.

Who is travelling?

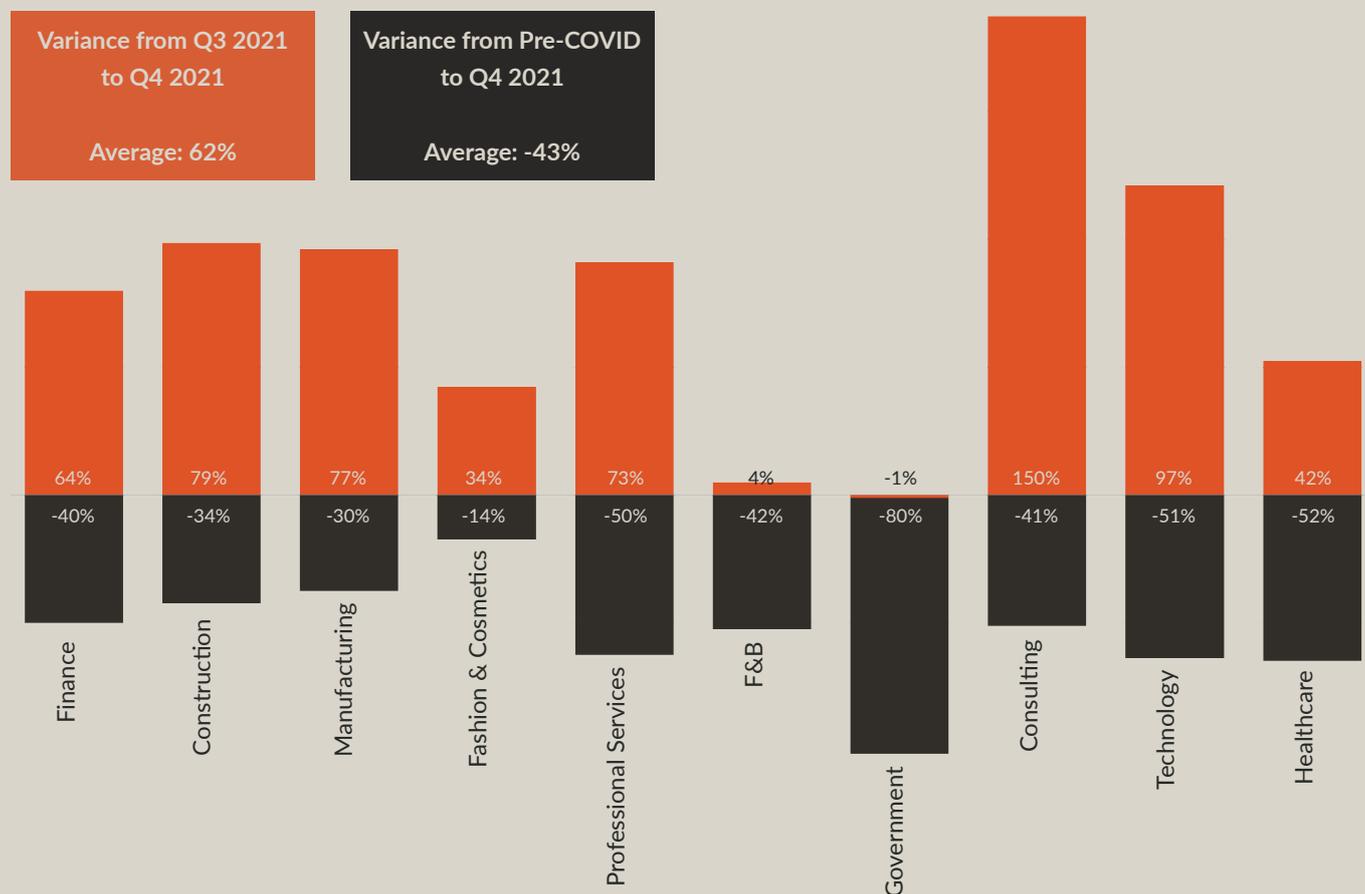
8 out of 10 Gray Dawes clients who traded pre-COVID returned to travel by Q4 2021. An uplift of 10% from the previous quarter.

Every industry segment apart from the Public Sector made a significant increase in terms of travel spend in Q4, with Fashion and Cosmetics ending the year at 86% of pre-pandemic levels. A remarkable recovery considering forecasts predicted it would take at least 5 years to recover, if at all.

Growth in Food & Beverage understandably stunted in Q4 following emergence of the Omicron variant at the traditionally critical Christmas period.

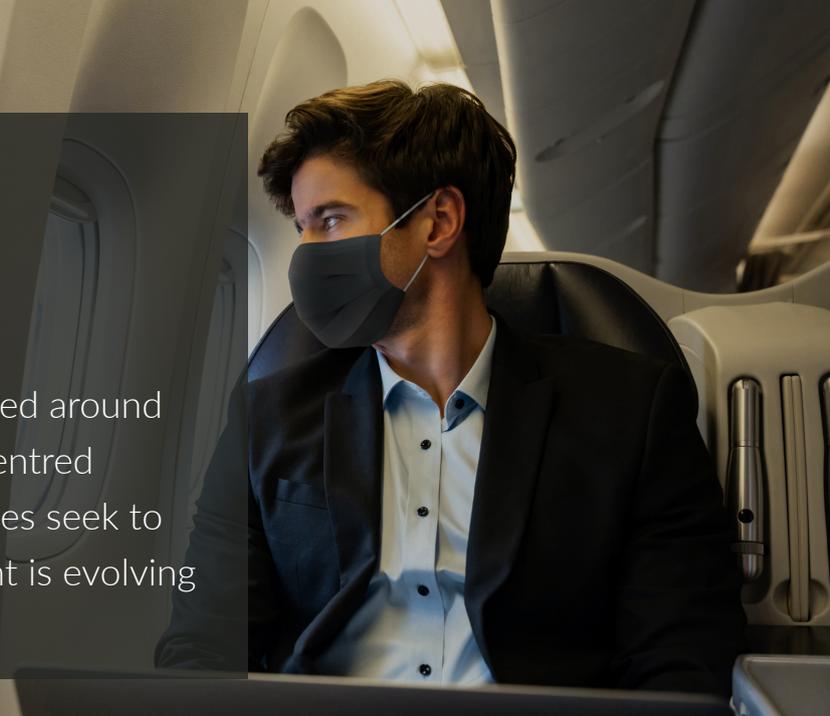
However, with Plan B restrictions ending in January, we forecast most private sector industries business travel spend to be within two-thirds of pre-COVID by Q2 2022.

Industry Types



Why are they travelling?

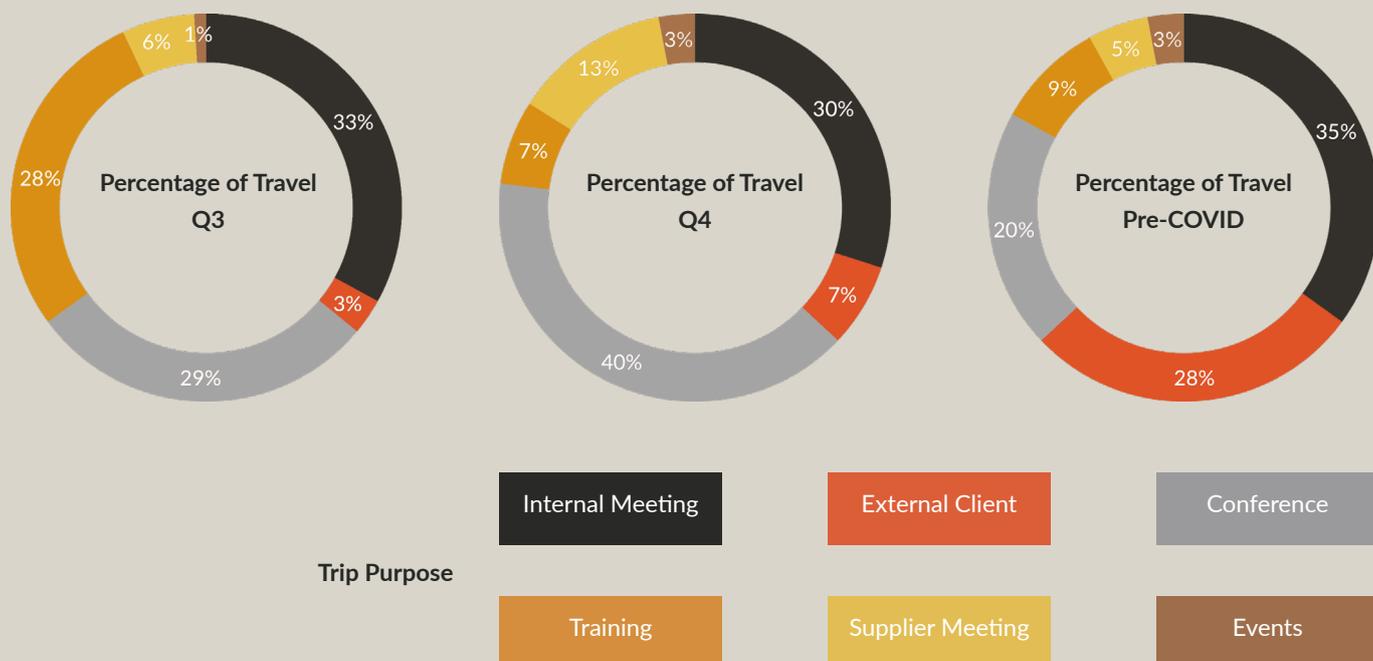
The post pandemic recovery in Q3 centred around internal activities but the focus now is centred around knowledge gathering as businesses seek to understand how their macro environment is evolving in the post pandemic world.



In Q3, the focus of business trips was to meet with colleagues and conduct/undertake training to strategise and equip staff to enter out of pandemic environment. As a result, meetings with colleagues and attending training consisted of nearly two-thirds of trips compared to just 45% pre-COVID. Those trips set a path for renewed confidence in external meetings, i.e. clients and suppliers, which became the dominate trip purpose (63%) in Q4.

Having been grounded working from home for most of the year, organisations and their travellers were clearly keen to deploy personnel to engage in collaborative activities which encouraged productivity and growth. With the trend for large conferences to include COVID passes, it would be prudent to ensure your travellers have this prepared in advance, particularly overseas where the pass may differ from the UK's NHS pass.

The most striking trend has been the doubling (to 40%) of conferences in the last quarter of the year vs pre-COVID.

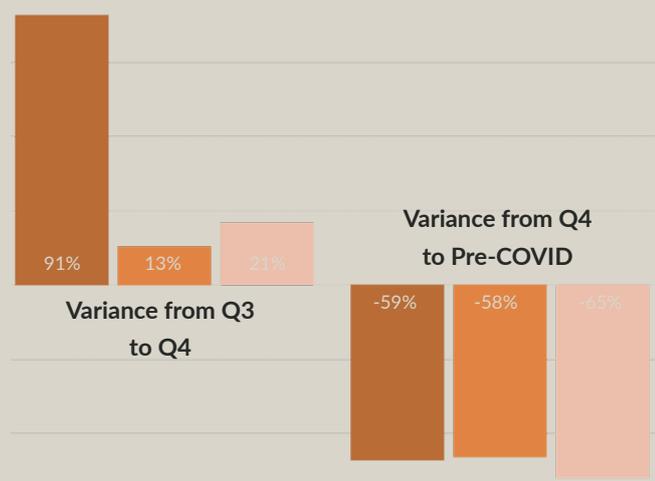
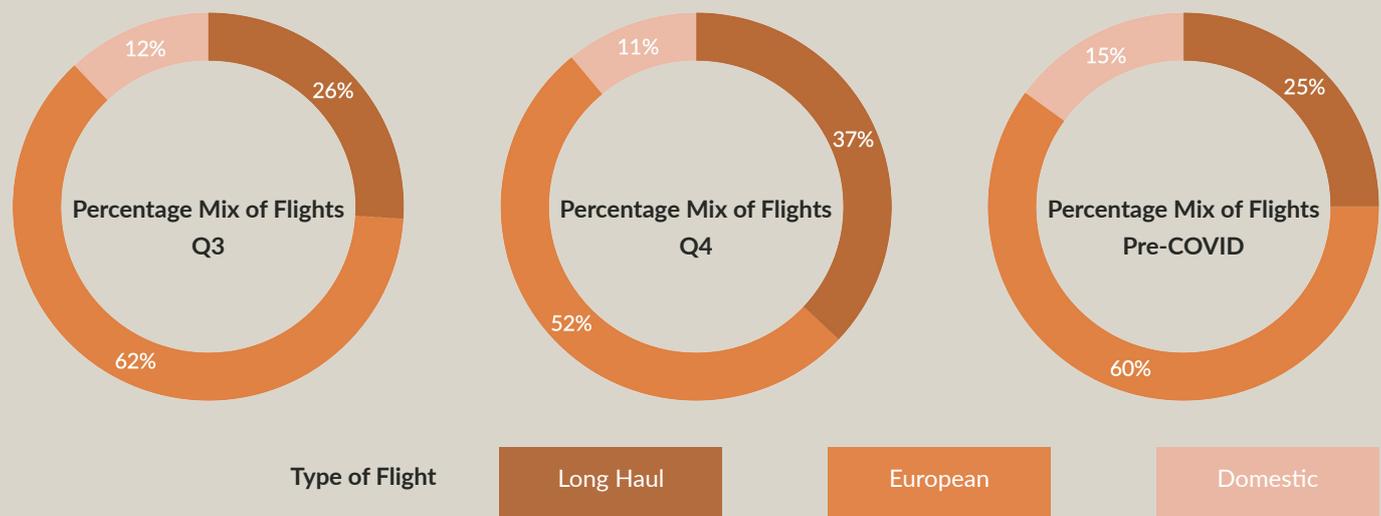


Where are they travelling?

Q4 represented a massive 42% increase on the previous quarter, particularly in long haul destinations, as the US opened its borders.

Pre-COVID, European destinations represented two thirds of all flights, however, a combination of Brexit and Omicron related border restrictions (France and Germany both closed their borders to all but non-essential inbound UK travel) saw a 10% reduction in flights to that region in Q4.

The impact of Brexit has added some uncertainty. We recommend consulting with a visa specialist, such as Gray Dawes Travel's Passkey service, to provide bespoke advice from visa experts on your traveller's visa requirements across their trip itinerary.



Passkey
www.gdg.travel/passkey

Individual country requirements for permissible travel and fluctuating border restrictions are changing almost daily. Passkey helps you navigate the complexities of a post-Brexit world living through and beyond COVID-19.

What is the average length of trip?

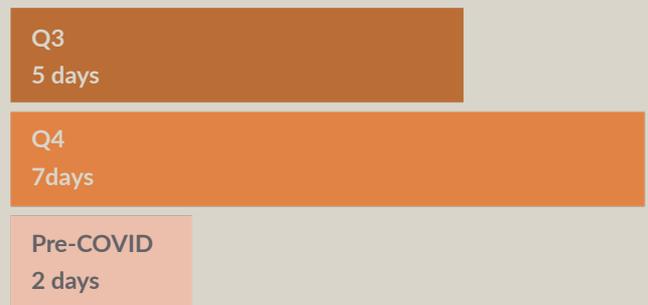
Prior to COVID19 (and Brexit), travel was comparatively straight-forward. However, border restrictions has resulted in travellers seeking to maximise the scope of each business trip.

In 2019, a UK passport holder could have travelled to Paris for a lunch meeting and return before the end of the business day through restriction free borders and EU fast lanes. This freedom of movement resulted in business trips averaging just two overnight stays.

As a consequence of travel restrictions, the growth in long haul trips and conference related travel, the average length of stay expanded to the entire working week in Q3. This further increased in Q4 to include the weekend. There is a clear trend where travellers are attaching a leisure component to their trip having spent lockdowns at home.

This should be encouraged for mental and physical health perspective, although, we recommend the policy offers clear guidance on annual leave entitlement, cost allocation and family accompanying staff on business trips.

Average Length of Trip (hotel days)



YourTrip

www.gdg.travel/yourtrip

Booking business travel can often be a time-consuming and long-winded process. Which is why we created YourTrip – an online platform which easily allows you to book all of your travel in one place. With built-in policy compliance, powerful management functionality and near unlimited content, YourTrip's constantly learning A.I. engine delivers unrivaled choice, personalised itineraries and outstanding value via a rewardingly simple user experience.

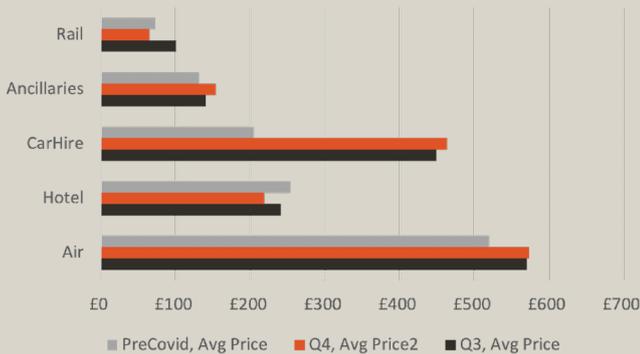
How much are they paying?

The average trip cost in Q4 was 17% higher than pre-COVID, which is a significant shift from Q3 when it was 22% lower.

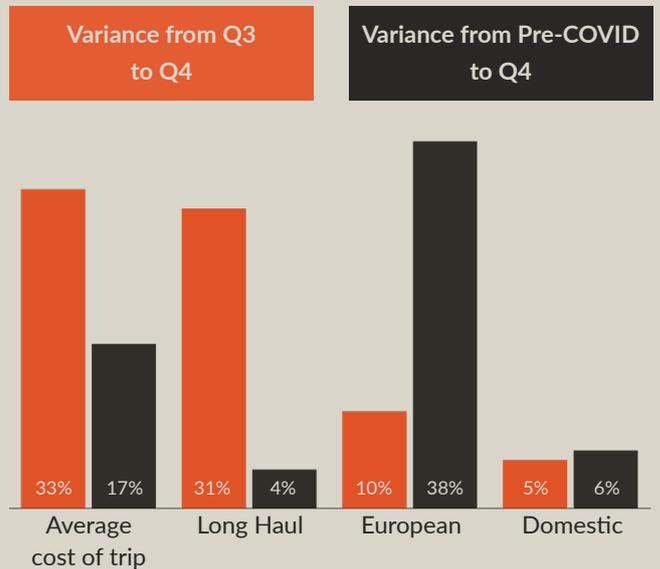


Increases in air ticket prices are in part due to airlines adjusting supply to current demand levels, particularly in Europe where borders have reopened within the EU bloc and the US where domestic travel has returned to pre-COVID level.

Average Price by Product

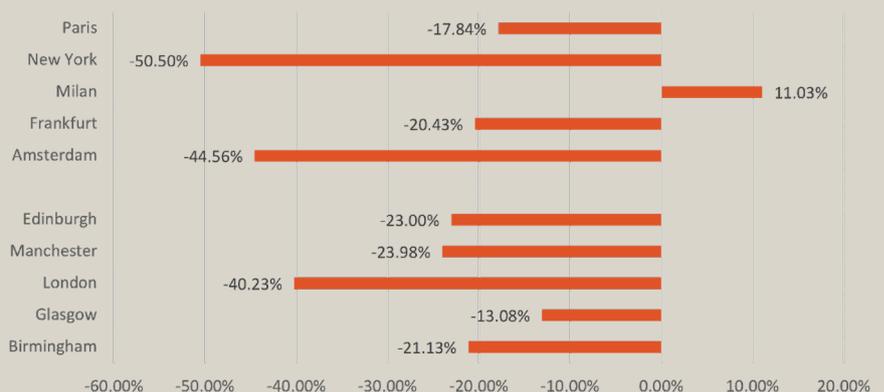


In areas where suppliers have not been able to adjust capacity; for example, hotels and rail, prices were on average of 30% lower than pre-COVID. That said, average daily rates in Milan exceeded pre-COVID levels owing to fashion related events. In an erratic market, we recommend liaising with your TMC to source peer group benchmarks and monitoring compliance to destination specific caps on a regular basis.



Car hire companies have struggled to increase supply due to a global shortage in new car manufacturing thus causing a more than doubling of car rental prices (from £205 pre-COVID to £463 in Q4). This will continue until H2 2022 when car manufactures receive supplies of microchips required to increase supply.

Average Nightly Rate Q4 vs Pre-Covid





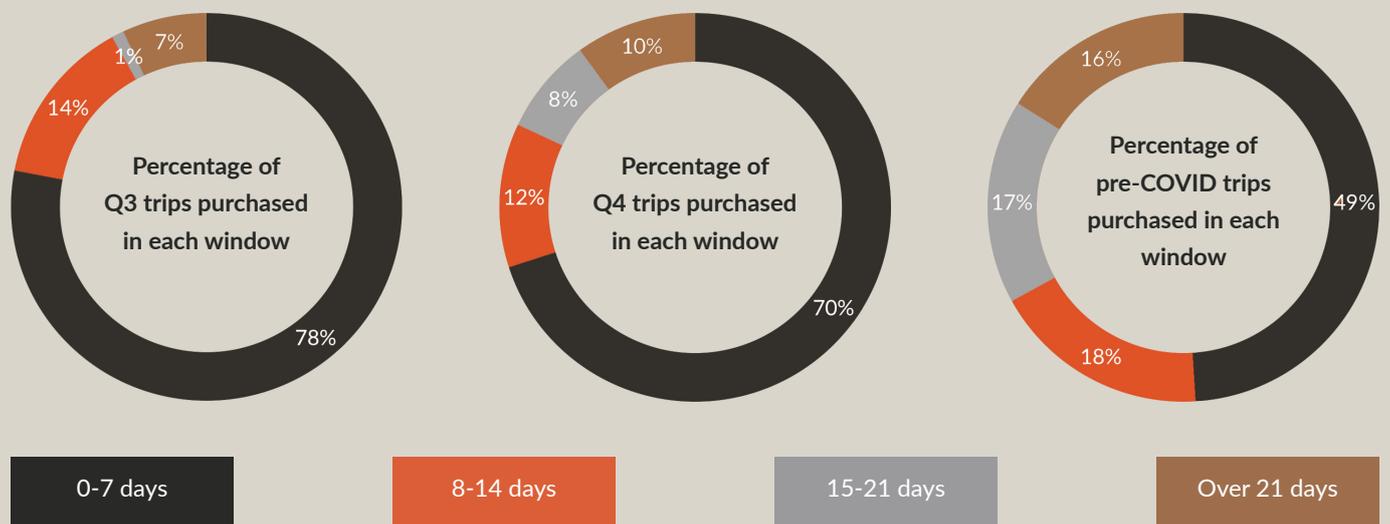
RECOMMENDATIONS FOR CONTROLLING COSTS

As travellers are now buying closer to their departure date, it is vital for travel managers to put policies in place which modify booking behaviour and supplier selection in order to control costs.

When to book

Prices are not rising solely down to supplier behaviour but buying behaviours which historically would contribute towards expensive trips.

As a rule of thumb, the further in advance you purchase tickets the cheaper the cost. This led to most travel policies requiring advance bookings of 14 days or more. However, uncertainty over risks and border restrictions has seen the number of trips booked within 7 days increase during COVID19. Although advance purchase improved by 10% in the period between Q3 to Q4, 4 in every 5 tickets are booked within 7 days compared to under half pre-COVID.





As suppliers begin to react to stabilising restrictions, so too should business travel buyers. On Domestic and European routes, where border restrictions had remained settled for most of Q4, the average air ticket price was between 19% - 32% higher when purchased within 7 days. Yet the price increase is just 5-11% when booked over a week in advance. We are therefore recommending installing an advance purchase policy of at least 7 days for domestic and European flights.

Owing to the current high infection rates of Omicron and continued changes in border restrictions on long haul destinations, we are not yet recommending an advance purchase beyond 14 days for cross continental flights until H2 2022.

Airline capacity ended 2021 31% below pre-COVID. Globally, it is predicted that airline capacity will rise 47% this year but that rebound in global airline capacity is expected to accelerate in the H2 2022 where discounting is sure then to follow. Domestic travel within China, APAC and US has already returned to pre-COVID levels and prices have increased 13% from Q3 to Q4. This provides a benchmark for long haul prices in H2 2022, which will need to be combated through increased advance purchase of at least 14 days, preferably 21.

Advance purchase is particularly important in a high demand market such as Car Rental. We strongly recommend purchasing your hire vehicle at least 14 days – 21 days if it's a domestic trip to not only to reduce costs but also secure a vehicle.

	Purchase Window	Variance from Pre-COVID Q4	Average Price Q4	Average Price Pre-COVID
DOMESTIC	0-7 days	19%	£202	£164
	8-14 days	5%	£180	£170
EUROPEAN	0-7 days	32%	£306	£205
	8-14 days	11%	£244	£212
INTERNATIONAL	0-7 days	-18%	£3,310	£2,633
	8-14 days	-19%	£3,111	£2,599

Time to commit

Another tool in the travel manager's arsenal for reducing costs is commitment.

Using the UK's busiest long haul domestic rail routing, London to Manchester, the price of an open any time return ticket is at least double the price of a fixed ticket, in fact, it is now averaging 3 times the price as demand returns.

Rail	Percentage mix of tickets Q4	Percentage mix of tickets Pre-COVID	Average ticket price Q4	Average ticket price pre-COVID	Volume Variance from Q3 to Q4	Volume Variance from Q4 to Pre-COVID
Fixed	56%	35%	£65	£59	87%	-14%
Open Off-Peak	28%	26%	£83	£55	-13%	15%
Open Anytime	18%	39%	£212	£125	-55%	3%

As travel started to recover in Q3, travellers were making trips on anytime tickets flexible tickets, probably because of the uncertainty with travel restrictions. However, in Q4, 1 in 2 trips from London and Manchester were on fixed tickets. That's hugely impactful in terms of travel budgets; given ticket prices for open any time had increased to nearly double (£212 vs £125) for open any time returns.

Our recommendation is to mandate fixed itineraries particularly for internal meetings which are more within your travellers' control. If meeting with a client/supplier, arrange to travel off-peak where possible as the saving per trip is 40% on average.

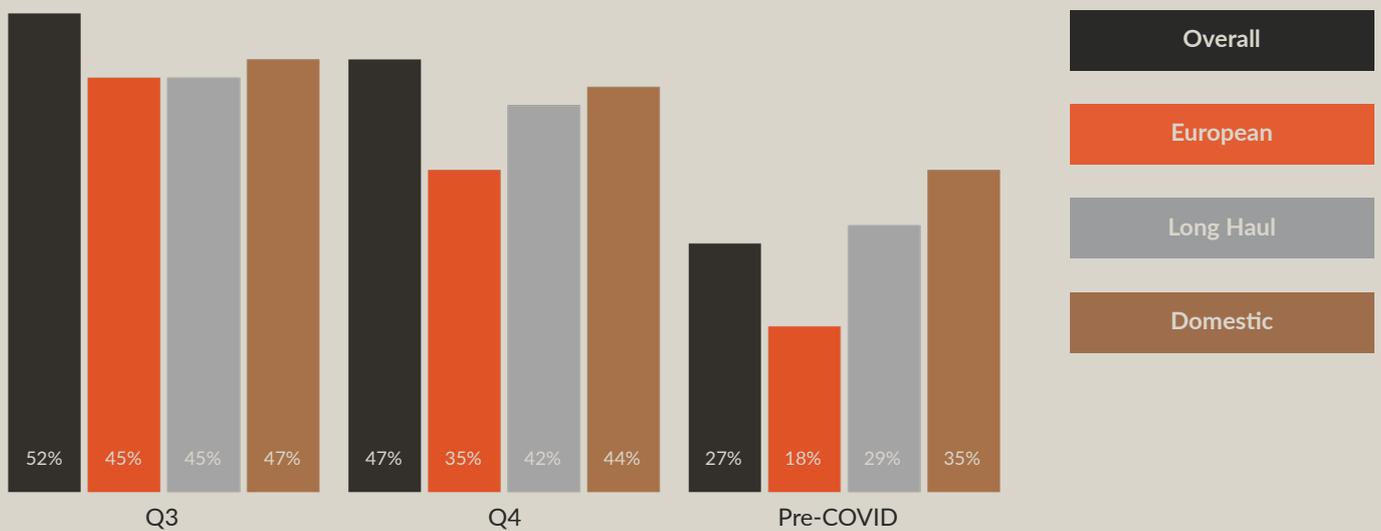


How to book

The next lever available to travel managers to minimise cost is booking online; principally to save on transaction costs.

Online adoption for Gray Dawes' client base doubled in Q4 compared to pre-COVID levels. This is a result of relatively settled COVID19 border restrictions on long haul destinations relating to British passengers, and enhancements in Gray Dawes' booking platform in the form risk awareness.

Online Adoption - Percentage of Online Bookings





A larger benefit of online adoption is price awareness. Studies have shown that when a Booker has both the visibility and accountability to make their own selection, they will often, select the lowest available option. Using the London to New York on return journeys in business class, prices were 5% lower when booked online.

Ticket Price Variation when booking online / offline

	Average Ticket Price Q3	Average Ticket Price Q4	Average Ticket Price Pre-COVID	Price Variation from online to offline Q3	Price Variation from online to offline Q4	Price Variation from online to offline Pre-COVID
Online	£2,616	£3,054	£3,996	-9%	-5%	-5%
Offline	£2,889	£3,211	£4,193			

YourTrip Cares

www.gdg.travel/yourtripcares

Your employees are your most important asset. Ensure you do everything you can to fulfil your duty of care requirements while they're travelling by using YourTrip Cares. With safety and risk insights during booking, "Stay Safe" alerts for those travelling and a centralised global monitoring solution for the back office, YourTrip Cares, part of Gray Dawes Travel's online booking solution, is an essential component to your business travel programme.

Set compliance to policy via the tool

When promoting online purchasing for flights, we recommend that the policy also reinforces booking package rates for accommodation.

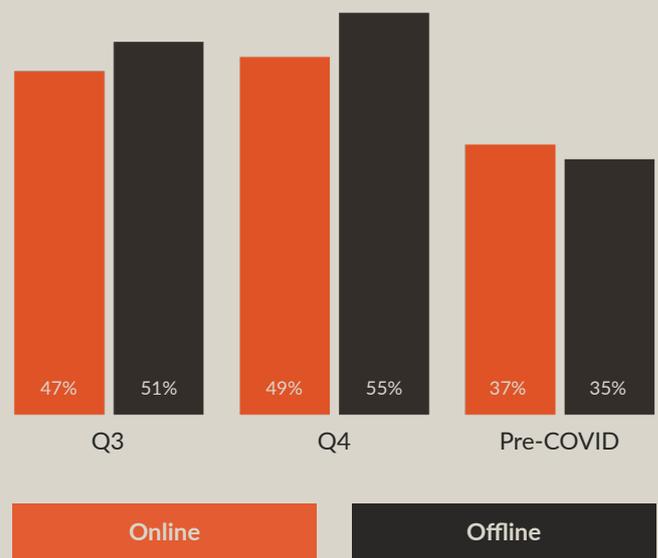


Booking package rates for accommodation at the same time as purchasing flights, which includes ancillaries, drives an average of 11% savings via Graw Dawes. This measure will facilitate policy compliance and traveller safety through tracking.

When calculating the percentage of overnight air bookings which also included the accommodation, this best practice was better enforced offline with the assistance of an agent promoting advance purchase and policy compliance.

This behaviour assists not only with cost reductions but itinerary based traveller tracking too. Therefore, we recommend that your online tool is also orientated towards mandating securing accommodation at point of booking the flight.

Hotel Attachment

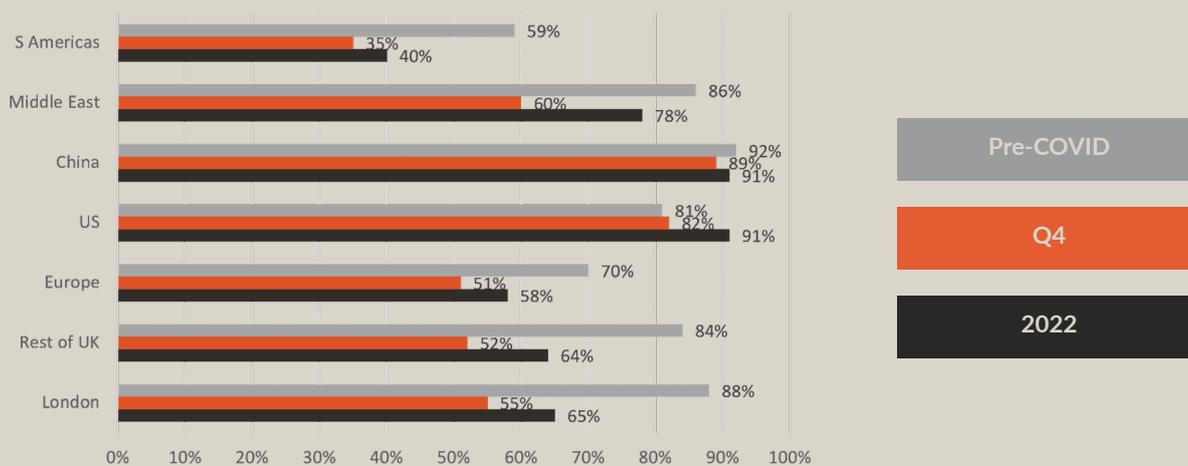


What rates to book

Globally, only US and China hotel markets are expected to return to pre-COVID occupancy levels in 2022, owing to their strong domestic travel trade.

UK and Europe will likely fall between 10-20% below pre-COVID levels with only seasonal leisure destinations getting within single digit percentage points of pre-COVID.

Hotel Occupancy Rates %



Hotels are currently taking the stance during corporate rate negotiations that they will carry over 2019 rates for 2022. However, accepting this position in 2021 led to organisations overpaying against those they offered to companies such as Expedia and Booking.com.

Further, Expedia/Booking.com rates are prepaid, refundable within 24 hours of departure. Many are also inclusive of ancillaries such as parking, breakfast and WIFI which would add an additional 5% to client spend when not selecting inclusive rates.

Rate Type	Average Nightly Rate	
	Pre-COVID	Post-COVID
Published Rates	£142	£93
Corporate Negotiated Rate	£139	£140
Expedia Affiliate Network	£125	£79
Budget Chains	£101	£75
Booking.com	£100	£82

Our recommendation is to use the much-discounted dynamic consortia rates available via your TMC unless your own negotiated rates is discount on the best available rate. These are ordinarily reserved for organisations who can offer a hotel 1000 room nights and more per annum.



SUMMARY

With business travel expected to recover to within 60% of pre-COVID volumes in 2022, it is imperative that travel managers implement budget controls to keep costs down at a time of greater scrutiny relating return on investment.



TRAVEL RESTRICTIONS WILL UNLOCK RAPIDLY IN 2022

Many industries re-started face to face meetings on a large scale in Q3. Initially comprising of mostly strategic internal meetings and training sessions as organisations readied themselves for the post pandemic future. This led to a greater degree confidence in meeting individuals external to the business in Q4.

In the competitive nature of the private sector, the need for collaboration to build relationships and culture that attracts, retains, and develops the best talent will see travel restrictions unlock rapidly in 2022.

Where travel providers have adjusted supply, i.e. airlines and car rental, there has been price increases quarter by quarter, especially as ramping up supply is not a case of merely flicking a switch.



Travel Managers must now look at where the business is looking to travel in 2022 and work closely with their TMC to establish how best to reduce costs and drive efficiency.

The three areas to review are in terms Booking Behaviour, Content and Process.

01

Booking Behaviour

Book online, over 7 days in advance, and on restricted tickets.

The confusion emanating from the pandemic resulted in bookings closer to the date of departure, on flexible tickets as travellers looked to navigate around changing restrictions. However, with no countries on the Government red list and all testing scrapped for those fully vaccinated, the landscape for travel has stabilised enough to book further in advance. In addition, you should book restricted tickets within minimal to free change fee conditions.

02

Content

Shift away from corporate negotiated rates to spot buying.

Although prices have increased, they are still cheaper than pre-COVID19 levels in most markets. Consult with your TMC to provide you with expertise on peer benchmarking and industry forecasts specific to your desired routes and supplier choices. The investment in that analysis will far exceed that spent on procuring negotiated deals in areas where heavy discounting on the best available fare/rate are still prevalent.

03

Process

Integrate policy rules in booking platform and mandate online adoption.

Selecting an online platform that can integrate content and booking behaviour rules into the booking process delivers tremendous efficiencies in not only direct costs but time. Such as Gray Dawes' YourTrip tool, powered by Atrii. The tool enables travel managers to drive compliance to their budget; through route and city caps, and duty of care considerations; via updated risk assessments, while channelling exceptions an automated approval process. It is vital travel managers facilitate the training of approvers relating to the updated budgets and risk policies of your business.

WHO SAID BOOKING BUSINESS TRAVEL HAD TO BE STRESSFUL?

Our proprietary travel technology is totally flexible and completely tailored to your organisation. We've partnered with the market-leaders, Atriis, to create YourTrip – a powerfully versatile yet rewardingly simple booking engine.

Because that's how it should be.

Whether offline or online, agent managed or client self-service, YourTrip delivers a seamless and content-rich business travel booking experience.



Totally Digital

100% travel policy compliance is assured, regardless of whether the trip is booked by you or your Gray Dawes Travel Team. Offline or online, unique client profiles are built into the YourTrip tool and compliant travel results served as primary options.

A.I. Driven

Automated workflows, booking efficiencies and client communications are supported with an Artificial Intelligence engine which makes hotel and travel recommendations based on machine learning of traveller behaviours.

Synchronised Travel

Because the YourTrip system is exactly the same for both Gray Dawes Travel consultants and clients, bookings started online can be finished offline. And, of course, all itineraries sync seamlessly with our YourTrip Booker mobile app.



GRAY DAWES
TRAVEL

www.gdg.travel/yourtrip



ABOUT US

MEET THE TEAM

60 YEARS OF CORPORATE TRAVEL MANAGEMENT EXPERIENCE,
DELIVERING AWARD-WINNING CONSULTANCY AND ANALYSIS TO
DRIVE BUSINESS EFFICIENCIES AND PROCESS INNOVATION



GAVIN SANDERSON

CLIENTS

A seasoned business travel professional, Gavin works closely with clients to fully understand their business to identify how and where we can add tangible value.



IAN CURRINGTON

CONSULTING

Ian is a business travel consultant who specialises in assisting organisations transition to a more disciplined approach to their business travel operations.



DAVID BISHOP

COMMERCIAL

With a wealth of experience on both client and supplier sides, David provides high-level business planning to target and achieve company objectives.



GRAY DAWES
— CONSULTING —

a GRAY DAWES GROUP company
consulting.gdg.travel

© Gray Dawes Travel Ltd