

TRAVEL MANAGEMENT GLOBALIZATION:

IS Your Company Ready?



EXECUTIVE SUMMARY

For additional information on Travel Program Globalization, [click here](#).

The global economy has changed the way corporations do business. Even small and midsize companies are not only managing business in multiple countries, they are looking to globalize operations for more strategic business outcomes across the enterprise. As the second or third most controllable expense for most companies, corporate travel—and the programs implemented to manage this travel—have become a globalization priority for companies looking to impact the bottom line.

The potential benefits of a globalized travel program are well documented:

- Streamlined program administration
- Rationalized supplier base
- Increased leverage/discounts with suppliers
- Increased visibility into data
- Enhanced safety and security information

To achieve any of these goals, a globalization leader must take a two-pronged approach: 1) Ensuring enterprise structures are sufficient to support a cohesive effort and 2) Close analysis of each region to head off challenges. Both of these factors will be critical when considering the policy, tools and service levels to deploy across a global travel program.

While companies looking to globalize a travel program can and should look at other companies as models for their journey, it is important to realize that every program has unique requirements that depend on the markets served. They should look for service partners and other suppliers that are able to support unique needs in order to maximize the potential of the globalization effort.

Produced by



IRENE KORN
Executive Editor, Content Solutions
ikorn@businesstravelmedia.com

ELIZABETH WEST
Director, Content Solutions
ewest@businesstravelmedia.com

LOUIS MAGLIARO
Publisher
lmagliaro@businesstravelmedia.com

TIM REID
Group Publisher
treid@businesstravelmedia.com

AMANDA MCDONOUGH, Designer



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— Will Tate, SVP, Management Alternatives Consulting

As the economy slowly exits a global recession, corporations are putting business travelers back on the road. They may not be the same travelers, however, who were active before the recession. As emerging markets lead the economic thaw, traveler origins and destinations may look drastically different than they did before the downturn. Corporations are catching onto the fact that they need to change their approach to managing travel in order to maximize the benefits.

Globalizing a travel program, however, is no mean feat. No matter where the initiative is implemented—from finance, procurement or the travel management office—it requires a concerted enterprise effort that is supported from the uppermost levels of an organization. This support is vital to drive the program throughout participating regions with a sensitivity to local cultures, local travel content and technologies, and local office politics—all of which can be tricky business. The ultimate benefits, however, should be well worth the effort.

Globalization Goals

Corporations looking to globalize travel programs can expect increased savings, streamlined policy and service levels across participating regions, reduced administration costs, consolidated global data, and enhanced traveler safety

and security. It is critically important, however, to prioritize these objectives and identify from the outset what constitutes a successful outcome—and drill down to the specifics that will enable the program to reach these goals.

According to a recent survey of travel buyers released by Orbitz for Business, traveler safety and security has become the top goal for travel program globalization. Asked to rank several goals on a scale of one to five (five as “most important”), respondents returned traveler safety at 4.35, followed closely by cost savings at 4.28 and global data at 4.15.

While the three top objectives clearly run neck and neck, these survey results suggest an intriguing change in the mindset of travel buyers, where cost containment has long been the overarching goal for managing travel. Will Tate, senior vice president of Management Alternatives, a boutique consulting firm that specializes in corporate travel, has seen this trend develop, but drives home the idea that these goals need not compete—in fact, they depend on one another.

“Business cases are developed on cost and service enhancement. [With safety concerns] we now have an element that supersedes all that,” said Tate during a recent Orbitz for Business 30-Minute Solutions webinar. “But it’s really the

data that matters.”

Indeed, it is the accuracy of the data and speed to delivery that support safety initiatives. Further, particularly after an initial rollout of a global program, data becomes the driving force behind continued savings and tracking preferred supplier performance. As a result, it is critical to achieve an acceptable level of consolidated data from the early stages of a travel globalization initiative and continue to build on that as the program matures.

The data piece can be particularly challenging in certain regions where language and alphabet issues can pose steep barriers to accurate data collection. To get this, and several other elements of the globalization puzzle right, a corporation must take a close look at its internal resources and reasons for globalization, create realistic plans and identify the best team to make it happen.

The Enterprise Initiative

Tate advises corporations to focus on the following when building a leadership team as well as a support network throughout the enterprise:

- **Strategy** – Understand where the concept originated, from finance, procurement or an outside expert.
- **Sponsor** – The globalization champion must recruit an executive sponsor to lead the charge and help drive commitment, process and decision-making throughout the organization.
- **Steering** – Who is equipped to lead the process? If the concept originated from procurement, it is a logical assumption that procurement should steer the initiative. If the concept originated in finance



or travel management, it is possible that procurement might still take the lead, depending upon the goals of the effort.

- **Support** – A cross-functional team is essential to globalization success. It is also crucial to include members from representative countries/regions.

When building the team, however, it's a mistake to discount the value that opponents to globalization can bring to the process. Tate contends that vocal opponents are critical for vetting plans on both a practical and theoretical level.

Regional Analysis

Once internal support and organization has been established, a company looking to globalize travel must take a hard look at the countries and regions it expects to fold into the program. To that end, Jennifer Prescott, executive director of sales and account management for GlobalStar, emphasizes that companies must recognize the importance of “regional drivers and discerning the level of change readiness in a [given] region and country.”

Such considerations inform the development of an effective global travel policy, as well as expectations and decisions regarding travel management companies, online booking tools and other suppliers and/or infrastructure systems. This can be a real balancing act for companies, said Prescott during the webinar. “Sometimes sophisticated procurement goals and online aspirations collide with local high-touch and complex service counter expectations.” Careful navigation of these types of issues can make or break the success of a global travel program.

Online Adoption

For most sophisticated travel management programs in the U.S., high online

adoption is a goal and a given. The same cannot, however, be said for programs in all other countries. While there's a temptation to impose technological guidelines that mirror those of the U.S. on all countries in a globalization process, this kind of U.S.-centric approach is doomed to failure in countries where the culture and/or technology won't support such efforts.

“North America is very much an early adopter market and has reached the level of third-generation online development, with particular markets in western Europe following fast behind,” said Prescott. “But it's a very different story in Latin America and Asia Pacific, both of which would be categorized as middle- to late-adopting markets.”

Barriers to online adoption come in multiple forms, including cultural considerations, content fragmentation, language, payment methods and more.

Cultural Considerations

Prescott emphasized the importance of culture when it comes to change management. While it's tempting to look at cultural differences by geographic region, such an approach can be simplistic and ultimately misleading. In the Asia Pacific region, for example, she noted that there are 22 key markets, “all at different stages of development with different cultural and economic drivers.” The corporate culture and needs in Australia are far from those of India, though both fall within the umbrella of Asia Pacific.

Australia has embraced American technology and the concept of online booking tools, with a relatively easy transition to high online adoption rates. On the other hand, while business travel has grown exponentially in the fast-growing economy of India, hand-delivered paper

Delivering a Global Program: Three Models

When globalizing a travel program, there are three common configurations, each with its own strengths.

One Size Fits All

- Single contract with one global TMC, one GDS and one online booking tool
- Fragmented access to local content with one GDS
- One global TMC can mean challenges presented for acceptance at country level
- Less transparency in pricing as local country market prices are not available

Best in Region

- Multiple contracts with multiple regional TMCs; GDSs and online booking tools centralized by region
- Various points of global accountability based on region
- Fragmented access to local content with one GDS
- Regional TMCs can mean challenges presented for acceptance at country level
- Less transparency in pricing as local country market prices are not available

Partner Network

- Single contract with multiple in-country TMCs; multiple best-in-class local GDSs and online booking tools
- Single global data warehouse and consistent data elements; third party required for data normalization
- Comprehensive access to content with multiple best-in-country GDSs
- Local lead agency minimizes cultural acceptance challenges
- Full transparency as local country market prices drive each price point



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— Jenny Prescott, Executive Director of Sales & Account Management, GlobalStar

tickets are still the norm despite an increase in the availability of e-tickets.

The Middle East and Latin America are similarly fragmented in terms of cultural expectations, currencies and overall business approach, with a strong preference for local service and most transactions requiring a personal touch.

This is especially true in Brazil, Russia, India and China, collectively known as the BRIC countries, so-grouped because of their commonalities in terms of fast growth, large populations, complex political structures and regional differences.

GDS Content

The other major driver of online adoption is the availability of content through GDSs and the ability of online tools to access content outside of the GDS.

In sophisticated markets like the United States, Australia and much of western Europe, the majority of airlines and hotel chains currently make their inventory available to several GDSs. However, even in these markets, there may be some outliers, particularly domestic or low-cost air carriers and independent hotels, for which an online booking tool must be configured to access content directly through the supplier's website.

For airlines, the situation is similar throughout much of Latin America, with

GDSs being the primary source for airline bookings in countries such as Mexico, Argentina, Chile and others, although high distribution costs for hotels have meant a lack of strong participation on that front. Brazil has been an exception, with low online adoption, in large part as a result of local airlines not making content available to GDSs. Last year, however, both Tam and Gol made agreements with Sabre, which might start to change that country's online travel landscape.

In Asia Pacific, the situation can vary considerably. The state-owned GDS, Travelsky, is the only available option in China, for example. On the other hand, the major GDSs are commonly used throughout the rest of APAC, although most continue to lack access to local domestic airlines.

Additional Considerations

Language: While English is the de facto language of business, most countries require GDSs and other tools in their own language. Translation of symbolic languages such as Chinese or Arabic brings its own challenges, complicating the process of normalization for clean, meaningful data.

Payment Methods: Card use is uneven throughout various regions, with a host of possible payment methods prevailing in different areas. Throughout Latin

America, invoiced transactions dominate, while vouchers are common throughout the Middle East, and in Russia, bank transfer is still a common method of payment for hotels.

Labor Costs: The cost of labor is another key element when it comes to online adoption. In the U.S., salary costs are high while the cost of technology has fallen, providing a good return on investment for online booking tools. Companies are accustomed to achieving significant savings for a touchless transaction, which is one of the primary drivers of a move to online booking. However, in countries such as India, Malaysia, Indonesia and China, labor remains cheaper than technology. When combined with cultural mores that have traditionally meant business travel transactions have been “high-touch,” it's not unusual in such countries to see tickets hand delivered to travelers and other personalized service elements.

Customized Solutions

The extent to which any one of the above factors colors globalization decisions depends on identification of the key markets and each country's transaction profile, which includes the number of travelers, type of travel and the spend represented in each country.

A flexible and open-minded approach is critical, both within the corporation and with supplier partners. Rather than fitting a travel program into pre-determined solutions, work with a globalization partner that is willing to fulfill the unique demands of a company's programs and travelers with a customized solution. For more information on travel program globalization opportunities with Orbitz for Business, visit www.orbitzforbusiness.com.