



Hidden spend

Mining a rich new vein of savings

Hidden

Lightly or unmanaged

"Impulse" spend: Food and beverages, Entertainment, Taxis
Usually purchased on the go
New capabilities make it possible to manage
New savings opportunities available

Public/Ground transportation
~6%



- 💡 Whenever possible and safe, ask travelers to use public transportation instead of taxis; otherwise make sure cars are booked in advance
- ☑ Not only does this keep costs down, it also helps you keep travelers safe

Dining and entertainment
~6%

- 💡 Engage with restaurant chains to negotiate appropriate discount or join a restaurant already in place
- 💡 Encourage your travelers to take advantage of local restaurant deals (e.g. Yelp!, OpenTable, Groupon)



travel smart. achieve more.



Mining a rich new vein of savings

Contents

- Infographic: Mining new savings 3
- Introduction: Looking for new travel savings 4
 - Spotlight: Expense management systems 6
- The challenges of managing hidden spend categories 7
- The solutions: Making management possible 8
 - Savings opportunities in dining 10
 - Savings opportunities in mobile 11
 - Savings opportunities in ground transportation 12
- Conclusion: Nowhere left to hide?. 13
- For more information 14

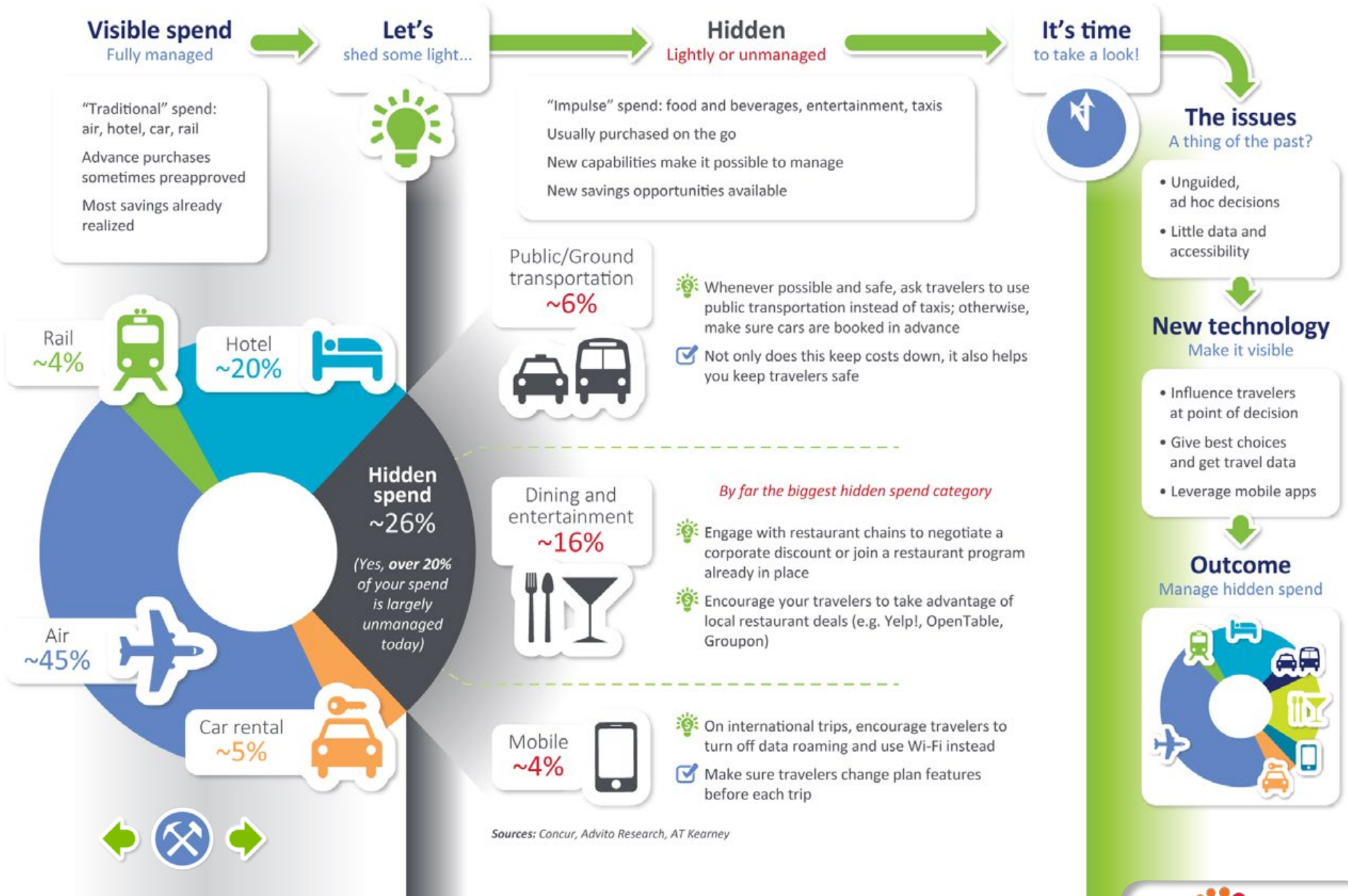


Claudia Unger, Director of Research & Intelligence for BCD Travel

Claudia leads a research team charged with identifying ideas that businesses can use to improve their travel programs. They take intriguing tactics and concepts that are being used outside our industry—and some that are way out on the frontier, like behavioral economics—and explore how to make them resonate in managed travel.



Mining new savings



Introduction: Looking for new travel savings



Looking for new travel savings

Companies with mature travel programs have generally done well at managing savings on major spend categories: air, hotel, car rental in the U.S., and rail in Europe.

In this paper, we'll look at several other sub-categories of travel spend that are considerably more hidden. These include dining and entertainment, ground transportation and mobile charges. Because travelers buy these services outside of the boundaries of the travel program, data on this spend can be hard to come by. So, let's dig in.

Digging for hidden spend

The good news is that the light is finally shining in on these more obscure categories. Mobile technology and a new generation of virtual service providers are creating opportunities to book, measure and manage what was previously unmanageable. Throw in a few techniques from behavioral economics (the new buzz phrase for "consumer decision-making") to drive travelers towards the right buying decisions, and suddenly you can be a hero all over again by mining a rich new vein of savings.

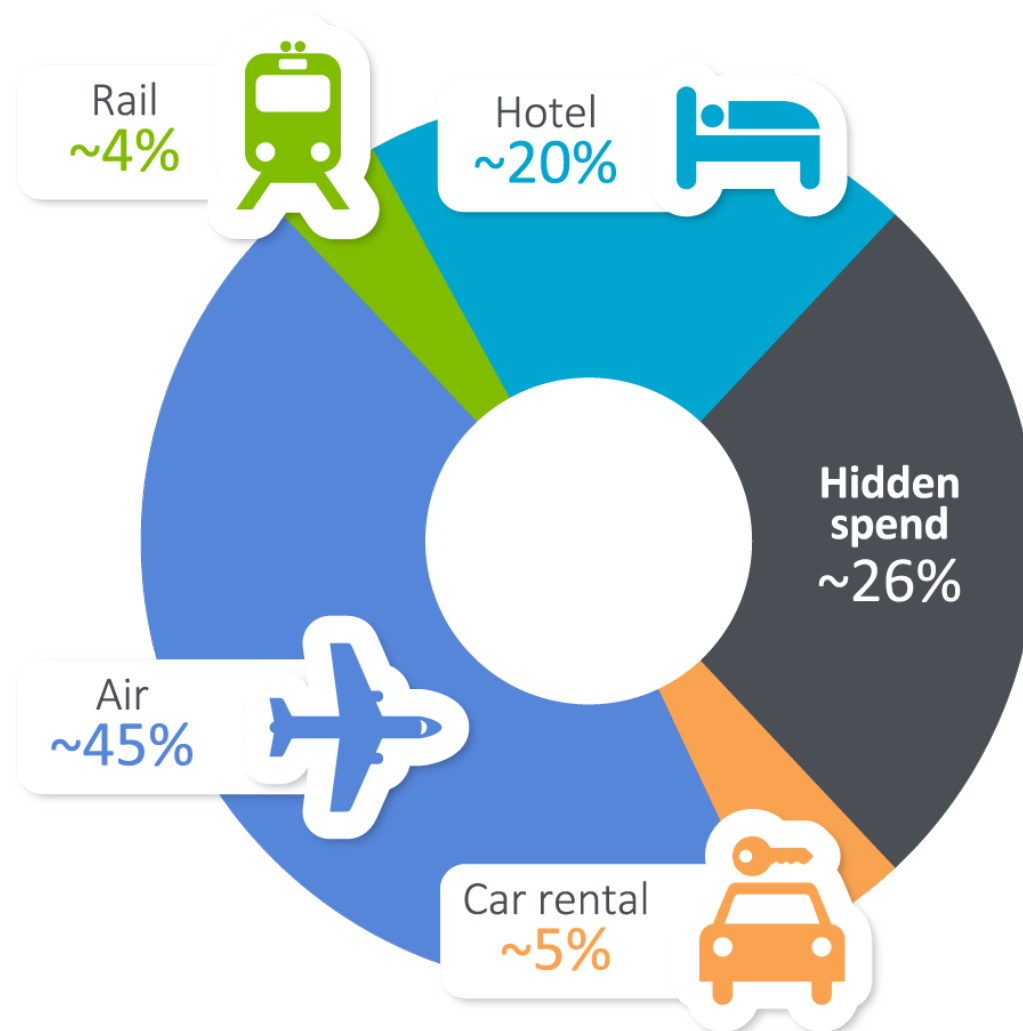


How big a cost are hidden spend categories?

A major expense

Advito, our consulting division, believes that the primary travel spend categories—air, hotel, car rental and rail—account for approximately 74% of spend, as published in the *Industry Forecast 2013*. The remaining 26% consists of secondary spend categories, including dining & entertainment, mobile and ground transportation (such as taxis).

Concur's figures, published in their *T&E Spend Report 2012*, go even further: secondary categories account for 57% of filed expenses. In particular, dining and entertainment emerge as major costs, accounting for 17% of expenses. Remember that Concur does not for the most part include air fares in its expense data, which accounts for its considerably higher hidden spend figures.



Why tackle it?

As we explain to the right, technology is making it much more realistic to start managing secondary categories. We estimate companies can save 20-25% on these categories as a result, giving travel managers another way to show the value they bring to their organization.

Back-end technology is actually at the forefront of making hidden spend visible: expense management systems are a great starting point to find out where your travelers are spending—and on what. Watch for the new pay-by-phone capabilities which, once they are established, will be a rich source of immediate data.

Expense management systems

Expense management systems (EMS) drive cost savings through streamlined business processes, reduced operating costs, improved internal controls and actionable expense analysis.

These benefits don't come without challenges:

- Usability
 - ◆ You need to get everyone up and running on the new tool
- Integration
 - ◆ The EMS needs to be integrated with data from online and traditional bookings, credit card and supplier receipts
- Accounting
 - ◆ You need to align expense management with back-end systems

But once the EMS is in place, you can look forward to:

- Improved efficiency
 - ◆ Travel data and credit card data pre-populate the expense report
- No need to enter the same information twice
 - ◆ Less room for mistakes and fraud
- Access to consolidated reporting
 - ◆ More visibility into spend (ancillary fees, hotel bypass)
 - ◆ Awareness of the trip's true cost
- Budget before and after
 - ◆ Planned vs. booked and planned vs. expensed
- Savings, driven by
 - ◆ Increased traveler efficiency
 - ◆ Efficient quote and approval process (making it easier to snap up lower air fares when they're available)
 - ◆ Informed approval (decline trips that are over budget)



The challenges of managing hidden spend categories



Not booked through official channels

Travelers at companies with managed travel programs typically book their air, hotel, car rental and rail before they leave. They make these reservations through official channels such as the travel management company or a corporate booking tool. It means their choices can be controlled through a variety of solutions, including policy filters and pre-trip approval processes.

But travelers tend to make decisions on hidden categories independently and on the fly. They'll select a phone carrier that supports their chosen device, drop into a restaurant that looks good or is convenient and hail a cab at the airport. In this environment it's hard to influence travelers at just the right moment to make smart buying decisions.

Little or no data

Without official booking channels or supplier reporting, data on hidden spend is hard to come by. Typically, the expense management systems (see earlier call-out) have the best information available and can help validate credit card data.

The solutions: Making management possible

Mobile technology means travel managers can now extend their influence from channelled bookings to travelers making their independent buying decisions. A mobile device can act as your virtual travel manager, giving you easy access to information and preferred providers.



Channeled bookings



Independent buying decisions



Priming

If you want to influence the buying decisions your travelers make on the road, you need to intervene—or even interrupt—just as they’re making those decisions. You can do exactly that through targeted mobile messaging. For example, you could send travelers an automated text message timed to pop up on arrival at London Heathrow Airport. The message tells travelers to take the downtown Heathrow Express rail service instead of a much more expensive, and slower, taxi.

For more information on behavioral economics, download our *Survival Guide* at www.bcdtravel.com

Booking through mobile channels

Travelers are increasingly buying discounted services, such as ground transportation or dining, on-the-go through mobile or online booking channels. But with B2C vendors and applications mushrooming, it makes sense to direct your travelers to a handful of vetted and company-approved channels.

If you expand your sourcing initiatives to include vendors in this arena, some of these channels can connect travelers to preferred suppliers—giving you an additional source of management information.

Not only do mobile or online purchases allow companies to reduce spend, they also make life easier for your travelers.

Win-win – Companies and their travelers gain from managing hidden spend

Category	Solution	Traveler win	Company win
Dining	Corporate dining website (e.g., Dinova)	Information on places to eat in unfamiliar locations Discounts for personal use (with certain vendors)	Savings HR benefit for employees
Ground transportation	Online limo or taxi booking services (e.g., Ground Scope, Deem Ground, GroundSpan)	Convenient bookings Reliable suppliers No queue waiting times	Consolidated billing Accurate reporting Travel risk management
Mobile roaming calls	Multiple international number services (e.g., Tru)	One phone One SIM card One voicemail service	Savings of 30-60%
Mobile roaming data	Wi-Fi locator and connection services (e.g., iPass)	In policy Wi-Fi options Secure connection to company network In-flight options available	Secure connection to company network Consolidated billing Savings of 30-47%
Mobile overall	Mobile management to pay only what you use (e.g., visage)	Works in the background No input needed from traveler	Mobile data availability Access to best deals Automated reimbursement



Savings opportunities in dining



Hotel breakfast and room service are expensive, so chances are you're encouraging travelers to eat out when those services aren't included in their room rate. What's more, hotels are starting to cut down on 24/7 dining options and engaging with local restaurants for food deliveries straight to the hotel room.



To help you promote smart choices and drive savings when your travelers refuel, consider these websites and mobile apps:

Corporate dining program (e.g., Dinova) – Dinova negotiates discounts for corporate clients at restaurants, which can be booked through its website.

Consumer discount sites (e.g., Groupon) – Travelers can find a restaurant near their hotel or meeting location and use the online discount vouchers to lower the cost of their meal.

Takeout food sites (e.g., Delivery.com) – Travelers can find menus from nearby takeout restaurants and order from a wider range of food choice and at a better price than through hotel room service—which is also usually more expensive.

For more information on the changing landscape of in-room dining, check out this recent New York Times article: ***Eating In, Maybe With Carryout.***

Cost of zero (the power of free)

People love to think they are getting things “free,” even though in reality there is no such thing as a free lunch (or entrée). So, if you negotiate a fixed price with a preferred restaurant, delight your travelers by negotiating a \$40 set price including “a free glass of wine and dessert” rather than a \$30 price that includes only starter and main.

Savings opportunities in mobile



Using mobile phones abroad has always been expensive, but costs have rocketed in recent years as travelers use their devices to access the Internet. To add insult to injury, mobile costs are also unpredictable and usually invisible until the bill arrives.

Solutions for **travelers** to reduce roaming costs for calls and data include:

Multiple international number services (such as Tru) – Providers like Tru give travelers a local mobile telephone number for the country they are visiting. Multiple numbers can be used on a single phone and SIM card, and operate a single voicemail service. These services can save you an estimated 30-60% on your mobile bill.

Voice over internet protocol (VOIP) services (such as Skype) – Travelers can call very cheaply (or even for free) if they have an Internet connection for their laptops, smartphones or tablets.

Wi-Fi locator and connection services (such as iPass) – When travelers connect to the Internet through a consolidator service, you can keep costs in check and bills in one place. An added benefit? A secure connection to your company's network.

Solutions for **travel managers** to reduce roaming costs for calls and data include:

Mobile management solutions (such as visage) – These solutions bring together information on users, spend, inventory and policy. That makes it easier to eliminate waste and compare actual spend to budget, and actual usage to plan. You'll be able to make changes to steer your mobile program effectively.

Extra tips for managing mobile

- Find out who owns the mobility strategy in your company and start working with them.
- Educate travelers about how expensive it is to make calls, use apps, access the Internet and handle emails while abroad. Explain it is generally cheaper to use Wi-Fi rather than mobile roaming.
- Use a mobile management solution, like visage, to keep all your bills in one place, pay only for what you get and view what, how and where your travelers are using mobile.



Savings opportunities in ground transportation



Rising fuel prices have pushed up taxi and limo fares significantly in recent years, making it more important than ever to manage this category.

The increase in London black taxi fares over the past five years is an eye-opener:

	1 mile journey	4 mile journey	Central London—Heathrow Airport
March 2008	£5.20	£13.00	£55.00
April 2013	£7.20	£18.50	£65.00
Percentage increase	38%	42%	18%

Source: Transport for London guidelines

Extra tips for managing ground transportation

- Encourage travelers to use public transport, where safe and appropriate. It's cheaper, greener and frequently quicker. Communicate these options through mobile messaging, with specifics on the correct lines, station stops, etc., they need to take.
- Consider short-term car rental providers such as car shares or other offers, allowing travelers to rent vehicles by the hour.
- When limo services are preferable, consolidate their use to fewer preferred suppliers with online booking processes, consolidated billing and accurate reporting.
- There are similar services for regular taxis. Travelers can book their cab through a mobile app, follow the vehicle on a mobile map to the pick-up point, pay via mobile phone and receive an email receipt.

Bandwagon effect

Social norms are massively powerful because we ultimately seek the approval of others. In fact, travelers, like everyone else, are often quick to abandon their own best judgment if they feel out of step with others. Use this lever to steer travelers toward public transportation, by, for example, sending out an email:

From: Travel Manager

Subject: Get on the Bandwagon

80% of your co-workers have switched to using public transportation in New York City. When are you going to join them?



Conclusion: Nowhere left to hide?



When you take advantage of new opportunities to understand and influence secondary category spend, you're also taking a step toward total trip cost management. And we think this is just the beginning.

The trend within our industry—and business overall—is toward more readily available information, thanks to expense management tools and multiple-source data integration. And it's also toward more easily actionable information, thanks to improvements in data visualization and dashboarding.

Hidden spend isn't going to stay hidden much longer.

Your action plan Understand in depth and influence creatively

1. Use **expense management and card** data to analyze your spend and identify opportunities
2. Establish **preferred** relationships with secondary suppliers
3. Use **marketing messages** to support those relationships (e.g. recommending restaurants where you've negotiated a discount)
4. Use **mobile messages** to steer traveler behavior with timely recommendations (e.g., advising people to take public transportation)



For more information please contact

Six Concourse Parkway NE,
Suite 2400,
Atlanta, GA 30328

www.bcdtravel.com
marketingcommunications@bcdtravel.com

About BCD Travel

BCD Travel helps companies make the most of what they spend on travel. For travelers, this means keeping them safe and productive, and equipping them to make good choices on the road. For travel and procurement managers, it means advising them on how to grow the value of their travel program. For executives, we ensure that the travel program supports company objectives. In short, we help our clients travel smart and achieve more. We make this happen in 97 countries with 11,000 creative, committed and experienced people. And it's how we maintain an industry-leading client-retention rate of more than 95%, with 2012 sales of US\$21.2 billion. For more information, visit www.bcdtravel.com.

About BCD Holdings N.V.

BCD Holdings N.V is a market leader in the travel industry. The privately owned company was founded in 1975 by John Fentener van Vlissingen and consists of BCD Travel (global corporate travel management), Travix (online travel: CheapTickets, Vliegwinkel, BudgetAir, Vayama and Easytobook), Park 'N Fly (off-airport parking), Parkmobile International (mobile parking and traffic applications), Airtrade (consolidating and fulfillment) and VakantieXperts (leisure). BCD Holdings employs more than 13,000 people and operates in almost 100 countries with total sales, including US\$8.5 billion in partner sales, of US\$22.8 billion. For more information, visit www.bcd-nv.com.

