



TRANSFORMATIONS IN MANAGED TRAVEL

PROMPTING ADVANCES IN STRATEGIC SUPPLIER RELATIONSHIPS

Managed travel programs are undergoing significant transformations prompting, or even necessitating, more advanced strategic supplier relationships. [Increases in travel volume and spending](#), changes in traveler expectations, competitive landscapes, distribution, new technologies and other factors are driving deeper conversations between managed travel buyers and their preferred suppliers.

Savvy travel buyers are [investing more time and resources](#) selecting suppliers that can meet their current needs and align with a shared vision for the future. This applies to both [large travel programs](#) and [small to midsize programs](#), which are increasingly the focus of specialized discount and [incentive programs](#). But what are the keys to successful strategic supplier relationships?

It starts with “listening and having very honest, open, transparent conversations” with suppliers about ways to embrace change, solve problems or achieve objectives, said Kathy Bedell, senior vice president, Americas and affiliate programs for BCD Travel. To navigate significant industry change, Bedell said, she’s seeing some travel managers ask suppliers to present new approaches, methodologies or technologies. “The world is changing, and our travel industry obviously is changing,” whether from AI, [New Distribution Capability \(NDC\)](#) or other factors.

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“Change is an opportunity to make a difference, challenging us to think of different ways of doing business,”

– KATHY BEDELL, BCD TRAVEL

One of the most dramatic examples of new approaches is the [“new model of how business travel should be managed”](#) spearheaded by PwC’s then travel managers Danielle Cavnor and Eric Gray, working with blockchain startup Blocksky, United Airlines, Kayak for Business, Gant Travel and others. Like several emerging approaches, it required collaboration across suppliers, as well as across PwC departments.

The new platform “simultaneously produced better savings potential, more value and a better travel experience” for PwC’s 65,000 travelers. It offers a new way to book and pay airlines directly—through

blockchain—without sending travelers to a dotcom and allows the company to “prioritize suppliers in the booking tool according to the value of their negotiated deals” combined with other factors, according to a BTN article that named Cavnor and Gray to its [2023 Top 25 Most Influential](#), as well as [travel managers of the year](#). Deloitte, Diegeo, Tripadvisor and other companies are now adopting the commercial platform.

“Change is an opportunity to make a difference, challenging us to think of different ways of doing business,” Bedell said. But travel managers should think about long-term partnerships, she added. “Seeing suppliers who stand out, really want to partner with you to do things a different way versus how we’ve done things for 40 years is exciting.”

That is provided there is “alignment between the buyer and supplier goals,” said consultant Scott Gillespie, founder of tClara. “Some buyers want their suppliers to bring them new, even provocatively different ideas; others want zero

Collaborating with Suppliers, Cross-Functional Teams on Sustainability

Sustainability is the focus of multiple corporate and supplier relationships in which companies like Meta, KPMG, Bank of America and others implement carbon pricing or “green premiums” on business travel booking; or figure out ways to help travelers factor carbon output into their business travel decisions. Consulting firm EY worked with IBM to “build the Sustainable Travel Approval Tool—STAT—which highlights trip-specific carbon emissions and encourages travelers to switch from air to rail, when rail is a viable option,” [according to BTN](#).

EY’s travelers in 57 countries use the tool for air, rail, ground transport and

hotel stays and in 2023, the company [“reduced business travel emissions by 59 percent compared to its 2019 baseline.”](#)

Facebook parent Meta’s travel manager called on suppliers Spotnana, Thrust Carbon and Advito along with a cross-functional team to develop and pilot a “program in which an internal dynamic value for carbon emissions is determined and assessed during the air travel search process and displayed to travelers at the time of booking” to help them make sustainable choices.

Eric Rhode, Meta’s director of global travel, expense & corporate card, told

BTN, “We’ve done a lot of work with partners over the years to figure out what’s the best way to help people understand emissions. A couple of years ago we started the journey to dive deep into the data, to look and quantify what is what in the emission factor per trip, for flights, for hotels, for ground transportation, meals, and all those things together.”

Applying a model created to understand financial aspects of each component to carbon emissions, Meta’s sustainability, finance, sourcing and analytics departments were key to build, apply and validate the data, noted [Rhode](#).



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drama—do your job, don't make us look bad goals." Suppliers need to understand each buyer's course and respond accordingly.

"It all starts with trust," Gillespie said. "Trust must be earned quickly in new relationships and preserved in established relationships. The best buyers know this and find ways to strengthen their suppliers' trust by framing the important conversations with credible promises and credible consequences. They live by the concept of 'actions speak louder than words.'"

"Some of the strongest relationships have been forged through solving deep, dark, difficult problems together."

— SCOTT GILLESPIE, TCLARA

WORKING THE RELATIONSHIPS

Once contracts are signed, buyers and suppliers dig into relationship management. While the basics haven't changed much in the past year, the competitive environment certainly has, said Partnership Travel Consulting's Bob Brindley, senior vice president-global supplier engagement. "Suppliers are doing a better job of making sure these regular meetings happen and work. They're obviously interested in performance but also use them as a way to promote" their own companies and "find ways to drill deeper into an organization to gain access to the travelers," he added. Meetings may be quarterly, semi-annual or annual.

Frequency may also be determined by the 'mechanics,' noted the travel manager of a global biotech firm. "With rental car, we sign an agreement, enter a code and it just works. Hotel codes don't always work. Some relationships just need more management than others."

CHANGING COMPETITIVE ENVIRONMENTS

Several buyers have noted intensified supplier strategy sessions in the last two years as they devised and refined approaches to still-evolving airline and hotel buying environments. Market conditions have long been a pendulum swing for business travel buyers: in a strong negotiating position when demand is low/supply high, such as during the pandemic—and less favorable as demand peaks and supply wanes. Knowing that the pendulum will eventually swing, the savvy plan both short- and long-term strategies.

"The competitive environment on the air side has changed over the past 12 months," Brindley said. "When American Airlines in 2023 retreated from the corporate market, it put less pressure on other carriers and discounts declined. As American Airlines re-engaged with the corporate market, they improved their corporate discounts and incentives to the corporate market and added staff. Other carriers have had to react to that. Now you have four carriers again competing for your business. That is a benefit to buyers."

"Another change is how airlines manage corporate relationships," Brindley said. "Airlines are shifting the focus from market share to revenue/yield premiums and using soft dollar incentives," he added. Instead of 'target-setting' and 'trying to micromanage' a program, some carriers are less granular, setting the overall target and working with the buyer to manage performance.

Airlines are also focusing on access to frequent flyers and requesting positioning/preferencing in online booking tools. A new challenge to such relationships is the "[price discrepancy between GDS/EDIFACT and NDC/direct rates](#)," he added.

"Hotels are moving to dynamic pricing and no last room availability (NLRA) as the default," Brindley said. Pricing discrepancies due to distribution changes are also emerging in the hotel space.



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SOLVING TOUGH PROBLEMS TOGETHER

Some of the strongest relationships between buyers and suppliers, noted Gillespie, “have been forged through solving deep, dark, difficult problems together. There’s something about being in a foxhole with someone who has your back and vice versa.”

Solutions to NDC booking, servicing and cost allocations have forced many company, airline and TMC executives into those foxholes over the past year. Natural disasters or tech meltdowns such as response to the CrowdStrike outage last July that impacted several airlines prompted intense recovery efforts for the industry.

“We need the table stakes; that’s got to work. But we need service. Service is core to what we deliver so we need suppliers responsive to those needs. To have a really good supplier relationship, we also have to be good clients.”

~TRAVEL MANAGER FOR GLOBAL BIOTECH COMPANY

CrowdStrike “certainly was impactful, but in retrospect, the credibility that we built up with these customers over the years was really the one thing that allowed us to overcome it,” Delta senior vice president of global sales Bob Somers [told BTN](#).

Deeper relationships were forged for many during and coming out of the pandemic as the entire industry navigated new paths in unprecedented times. Economic uncertainties have likewise tested and bonded relationships over the years.

Other companies have collaborated and innovated to partner with hotel suppliers for [workspace solutions for remote employees or small meeting solutions](#); or with airlines to expand relationships beyond passenger travel to cargo, sustainability or to [buy sustainable aviation fuel](#). In response to corporate requests, [Delta announced plans for a dedicated team](#) to respond to its contracted corporate travelers. And many buyers and suppliers have innovated with multiple partners for booking, payment and discounted programs to extend leisure travel benefits to employees as an extension of a preferred corporate relationship.

VALUE OF STRONG SUPPLIER RELATIONSHIPS

Relationships with key account representatives are crucial. “Very often, the management of the supplier comes down to the people I work with—not just their systems and legal department when I’m trying to sign a contract—but the supplier relationship manager.

When we see a change in who we work with as a supplier, there’s always a transition period and questions: am I getting the same level of responsiveness, am I getting the same attention, am I getting what I ask for or am I being abandoned? I respect and value the people tasked with doing a good job on behalf of these suppliers. Some do it very well because they’re just natural at it. Others get friction from their own companies and still do a good job,” the travel manager added.

“We need the table stakes; that’s got to work. But we need service. Service is core to what we deliver so we need suppliers responsive to those needs,” he added. “To have a really good supplier relationship, we also have to be good clients. I always ask, ‘does this work for you also?’”



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Defining service levels expected by travelers and travel managers is an ever-evolving science. On-time performance, responsive customer service, complete app functionality, safety and pricing reliance are base expectations. Travel managers must be able to quantify the value—and in some instances the cost savings—of a preferred relationship. [Supplier efforts to go direct to travelers](#) are typically not appreciated by corporations as they undermine the value of managed travel and managers.

ONGOING PROGRAM MANAGEMENT

“It takes a continuous, constant meeting of the minds,” added the travel manager. Sometimes, a company may realize that a relationship just isn’t working.”

As company and traveler needs change, travel managers must continuously ensure that a preferred supplier’s ability to meet those needs has evolved too. If a company isn’t getting access to its negotiated rates or performance tracking finds that a property isn’t meeting traveler needs, “it’s time to talk to the hotel” or seek replacement suppliers, Brindley said. “You cannot wait for a year or more, until the

next contract cycle, if a supplier isn’t meeting buyer needs,” he added. At annual reviews, partners may discuss the strategic goals of their respective companies or departments, needs, challenges, market trends and their visions to grow their relationship. Both sides are likely to continually re-evaluate if the other side is the best partner to help them achieve goals and objectives in coming months.

RELATIONSHIP RISKS

Relationships are likely to be tested the rest of this year as the industry navigates the [emerging economic headwinds from the new tariffs](#), federal cutbacks and other executive actions. Through February, industry forecasts, supplier expansion plans and industry public companies called for significant expansion of business travel to record levels.

“The big risk for air, hotel and other categories looking forward for the next 12 months, is one of recession and possible drop in demand,” Brindley said. “If that happens, you need to be able to react accordingly and change on the fly rather than wait for the next cycle” to explain why volume was lower than expected. ■

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