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# CORPORATE TRAVEL REPORT

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EUROPE 2019



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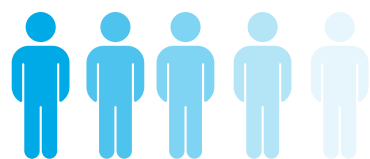
# INTRO

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In December 2018, we surveyed more than 500 travel managers from across Europe to secure a deep understanding of who they are, where their thinking is and what challenges and pressures they face in the year ahead.

We spoke to 100+ representatives from each of the UK, Italy, France, Spain and Germany, spanning all adult age groups and twelve industries to ascertain their travel budgets, destinations, spending caps, sourcing policies, fears and expectations.

Our investigation seeks to help hotel managers and booking professionals reach an understanding of one another's experience; to find common ground and create an atmosphere of empathy and collaboration - so both sides can thrive.



**500+**

TRAVEL MANAGERS



# CHAPTER 1

## THE TRAVEL MANAGER TODAY



## CASH RICH BUT FEELING THE PINCH

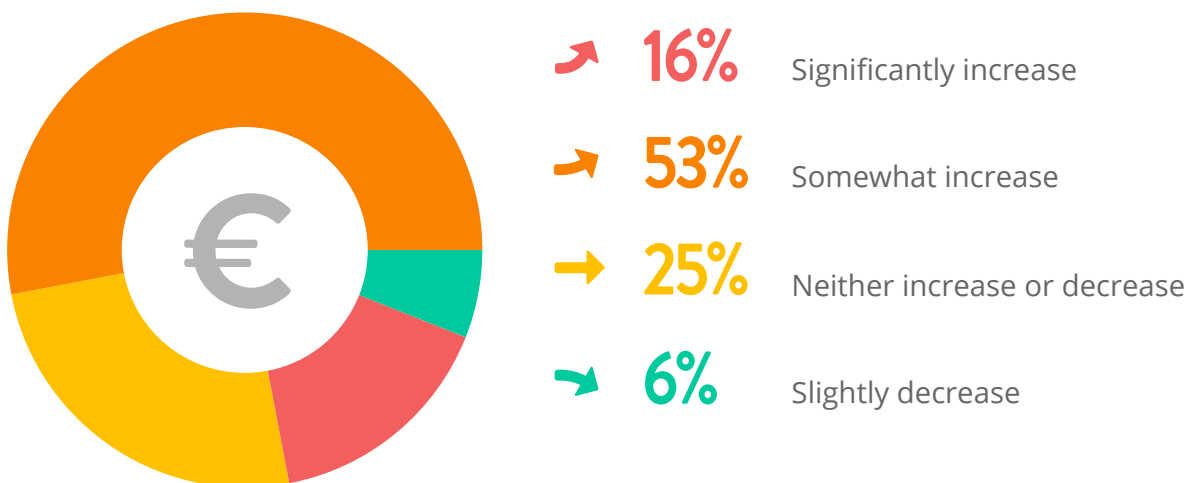
The vast majority of travel managers across the UK, Italy, France, Spain and Germany say they will have access to increased cash resources in 2019 compared to last year (16% foresee a significant increase, 53% a tangible increase).

Although this feels like encouraging news, all is not as it seems.

Swelling coffers is less about managers' business confidence and more about them mitigating an unpredictable and concerning travel landscape. All across Europe, travel managers are wary of escalating costs and the need to ensure that the travel strategy drives real value for money.

According to Eurostat, the European Commission's statistics bureau, Eurozone inflation was 1.6% in December 2018, the month our survey was conducted. However, the same organisation reported a fall to 1.4% in January 2019. Although the European Central Bank predicts further rises through Q1 of 2019, travel managers' quest for value in the Eurozone looks set to be something of a rollercoaster.

### IN 2019, TRAVEL MANAGERS BELIEVE THEIR BUDGETS WILL ...

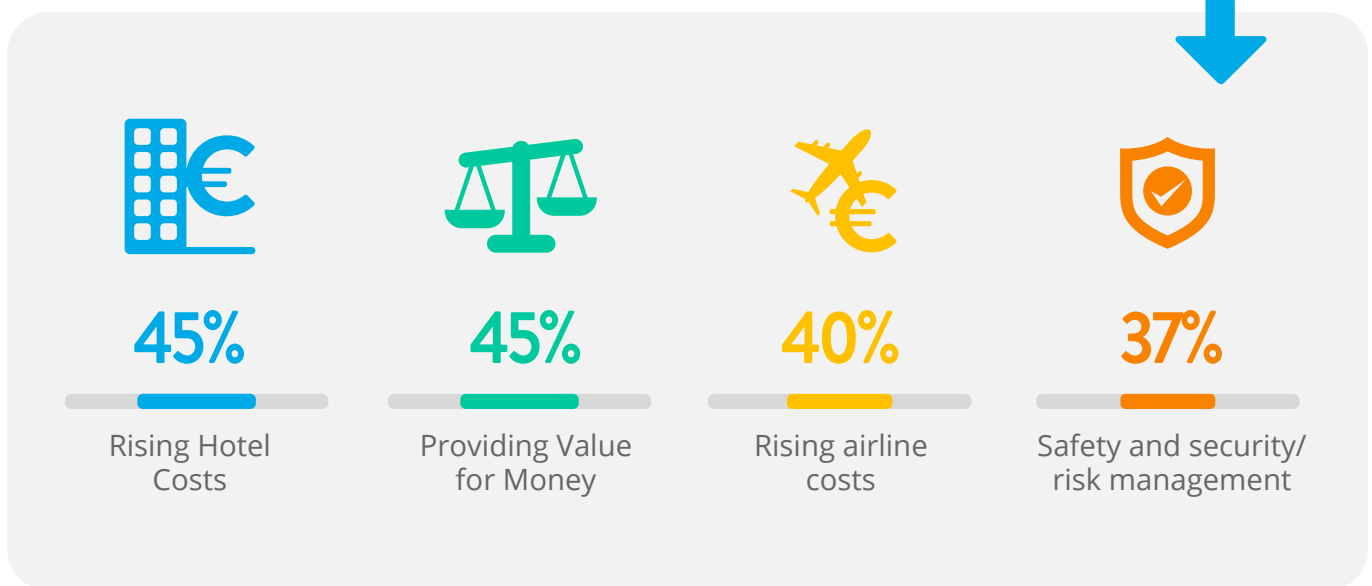


## CASH RICH BUT FEELING THE PINCH

Increased budgets ensure travel managers have wiggle-room in the face of unpredictable inflation and price hikes: if the goalposts are constantly moving, beefing up spend is a logical, if unpretty, way of guaranteeing more value and fewer surprises in the travel programme.

If hotel managers can really tune into travel managers' financial plight - and offer creative and agile solutions to sudden changes and short term issues - then they can, in 2019, really set themselves apart. By establishing more dynamic, reciprocal and collaborative working relationships then deeper, better, smoother relationships lie in wait.

### TRAVEL MANAGERS' BIG CONCERNS FOR 2019

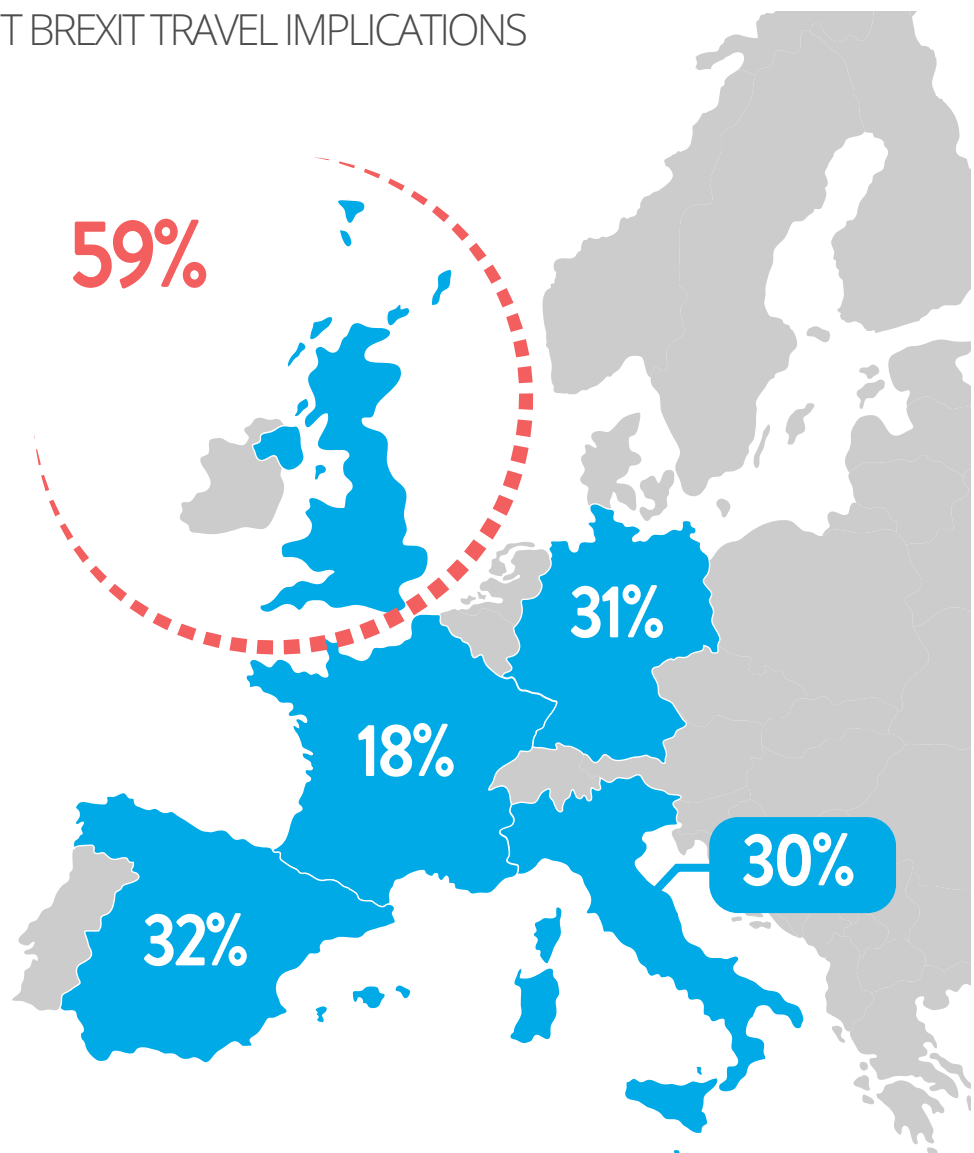


## THE BREXISTENTIAL CRISIS

The potential butterfly effect of the UK's withdrawal from the EU on pan-continental travel, hospitality and trade dominates much of the news agenda. Naturally, our respondents are similarly wary of Brexit's impact.

Perhaps unsurprisingly, UK travel managers are most deeply concerned about the potential implications of Brexit (whichever form it takes) on their ability to operate effectively. Nearly six in ten respondents from Britain cited the uncertainty around the implications of the UK leaving the EU as one of their most pressing concerns heading into 2019.

### CONCERNED ABOUT BREXIT TRAVEL IMPLICATIONS



## BREXIT: THINKING OUTSIDE THE BOX

Interestingly, the French seem far less preoccupied with the uncertainty of Brexit travel implications than the rest of Europe (17% vs. between 30% and 32% in the other three markets).

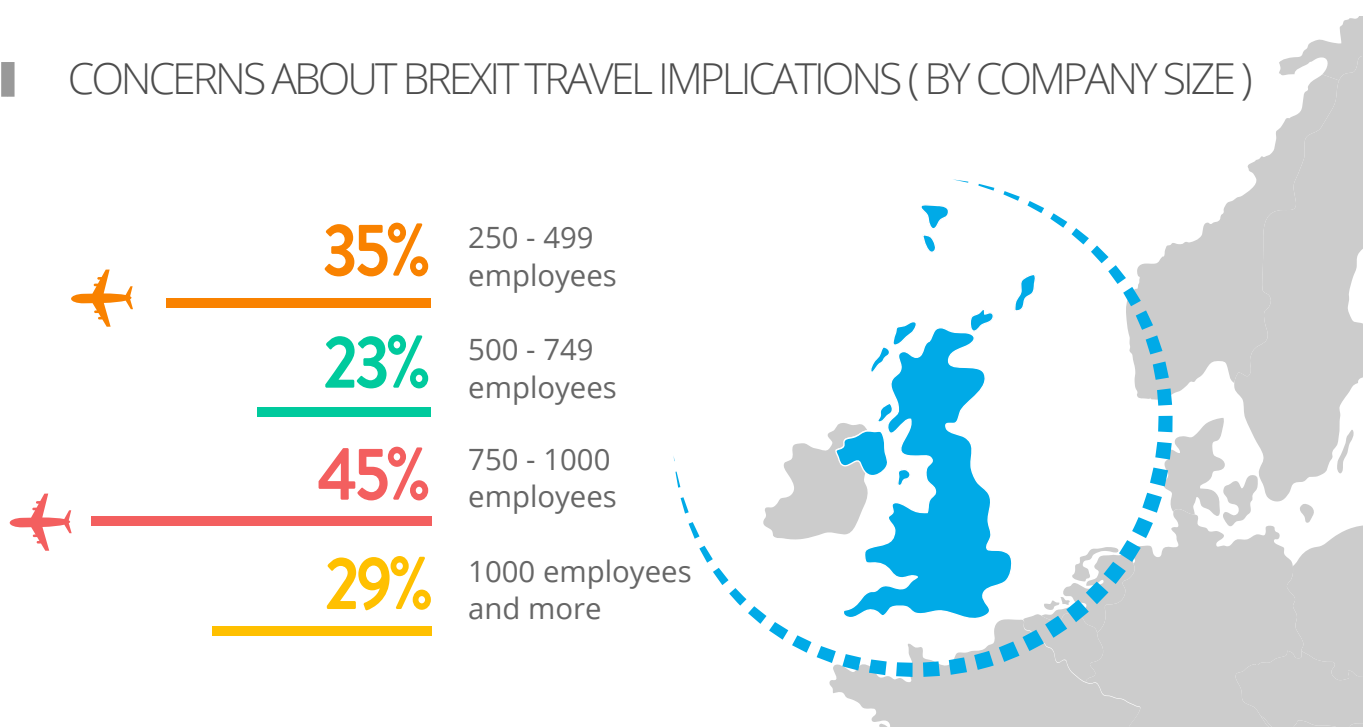
This may be due to the fact that, according to UN Comtrade figures, France depends more on trade with mainland EU nations such as Spain, Italy and Germany than it does with the UK.

Hotel managers could capitalise on France's somewhat laissez-faire attitude. Instead of looking to UK-based companies for new pan-continental travel business, negotiators may be better served looking to France, a nation confident despite the winds of change.

Again, in the spirit of opportunity, the UK already has the highest rate of domestic travel (18%) among all five surveyed nations. Let's say that UK domestic travel will increase in the next twelve months, during the Brexit timeframe. Those hotels who are prepared to establish lenient and competitive business rates may well endear themselves to UK travel managers for providing relief in the face of transition.

Segmenting Brexit concerns across all five countries by company size highlights further opportunities. Hotel negotiators can, depending on who they're talking to, opt to play the Brexit card, offering guarantees and concessions to relieve potential post-Brexit pressures.

### CONCERNS ABOUT BREXIT TRAVEL IMPLICATIONS (BY COMPANY SIZE)





## I SOURCING AN OPPORTUNITY

Our research shows that the typical modern travel manager is not prolific in seeking out new hotel partners or hunting for more cost-effective options. Instead it seems they rely, perhaps too much, on existing partnerships and suppliers.

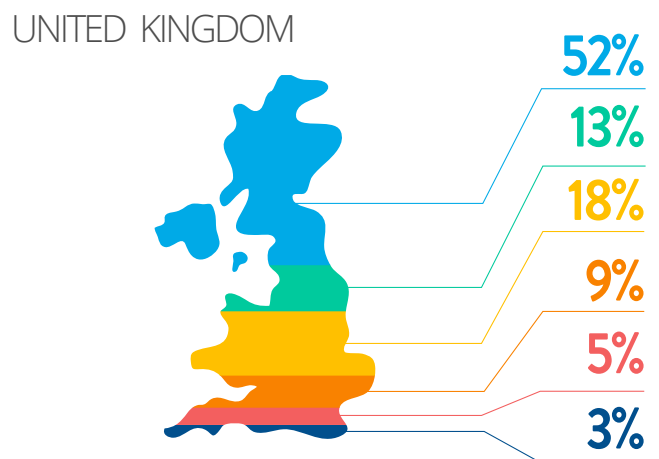
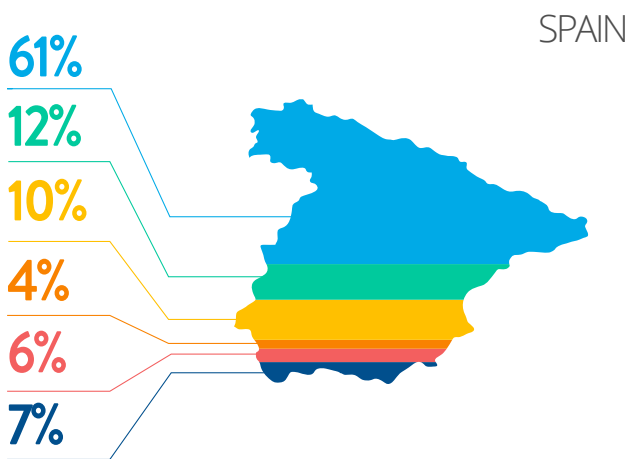
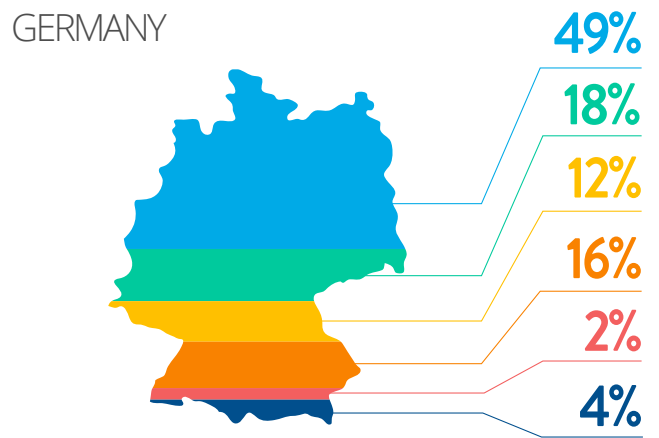
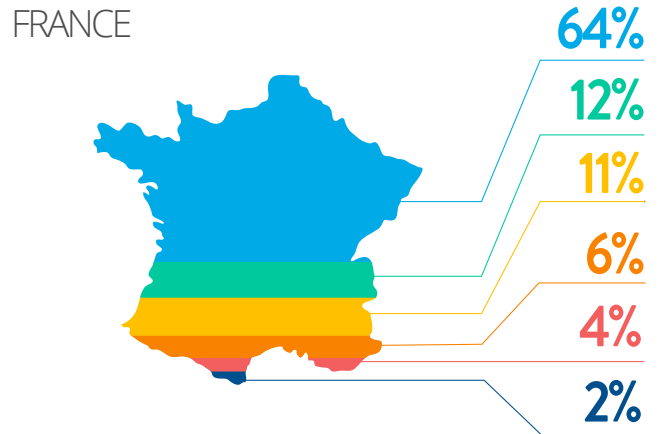
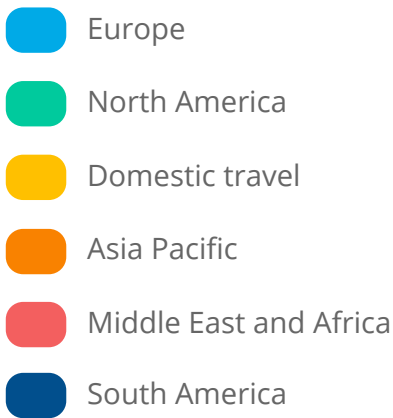
Cumulatively, in all five markets, more than 80% of travel managers are not sourcing new hotels any more than once per year. If this is proof that hoteliers simply can't sit tight and wait for business to roll in then proactivity, outreach and relationship-building may be hotel managers' best moves in 2019.

Being more proactive as an industry is one key takeaway, but the other is to connect and liaise with potential new business travel managers on the basis of their specific needs and concerns. As we have seen - and will see - expectations and requirements vary wildly market to market.

To give an example, business travellers in Italy and Germany commonly head for North America, yet are among the least likely to review their hotel programme. Armed with those facts, there may be an open goal for hotel managers based in the US and Canada to make some very fruitful outreach calls, provided, of course, they do some homework around clients' needs.

The next section can help with that.

BUSINESS TRAVEL DESTINATIONS BY COUNTRY

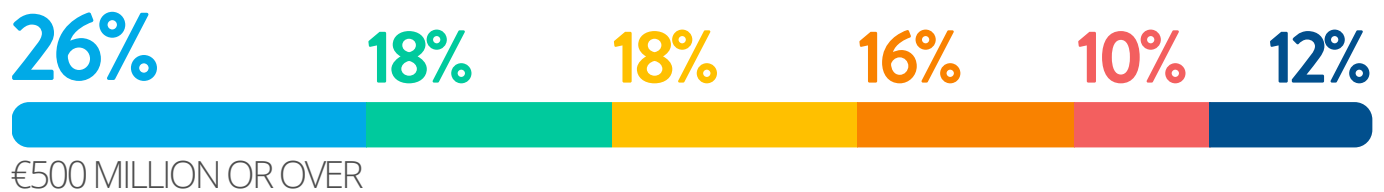
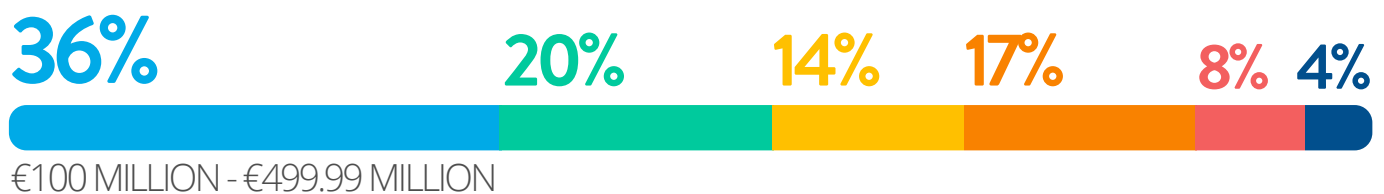




## TRUST - HIGH ROLLERS' PET PEEVE

The most pressing issue that we need to address when negotiating with travel managers is an obvious lack of trust. When it comes to dealing with hotels and hotel negotiators, travel managers fed back a number of trust and transparency concerns. Most worryingly for hotels, this opinion is particularly prevalent at high grossing businesses.

### TRAVEL MANAGERS' BIGGEST CHALLENGES NEGOTIATING WITH HOTELS



- Rate increases versus prior RFP season are above city or benchmark average
- Lack of transparency when quoting pricing
- There is no biggest challenge I face when negotiating with hotels
- Bid submission is not in accordance with requirements set out in the invitation document.
- No/slow/ incomplete response
- Chain account managers are not relaying your company information over to specific hotels

## TRUST - HIGH ROLLERS' PET PEEVE

Both businesses with an annual turnover of €100 million - €499.99 million and those with turnover of €500 million and above have similarly high levels of mistrust around hotel pricing. It may sound obvious, but with these two groups come, generally speaking, bigger budgets, larger booking programmes, and meatier service requirements.

It's concerning, therefore, that two segments with the highest levels of scepticism represent both the highest potential deal value and the largest scope for global business.

A fifth (20%) of the travel managers we surveyed whose company's average annual turnover is between €100 million and €499.99 million cited a lack of transparency when quoting price as the biggest challenge in negotiating with hotels. Firms grossing €500 million and above were only marginally behind (18%) and both of those segments also reported disdain around unexplained, sudden or unaccountable rate increases (36% and 26% respectively).



## UNDERSTANDING THE HIGH END

€100 MILLION - €499.99 MILLION



**23%**

EXPECT 'SIGNIFICANT'  
INCREASE IN TRAVEL BUDGET

€500 MILLION OR OVER



**23%**

EXPECT 'SIGNIFICANT'  
INCREASE IN TRAVEL BUDGET



**47%**

SEE VALUE FOR MONEY AS A  
TRAVEL PROGRAMME PRIORITY



**41%**

SEE VALUE FOR MONEY AS A  
TRAVEL PROGRAMME PRIORITY



**18%**

REFRESH HOTEL  
SOURCING POLICY  
MORE THAN ONCE PER YEAR



**22%**

REFRESH HOTEL  
SOURCING POLICY  
MORE THAN ONCE PER YEAR



**80%**

SEE LOCATION  
AS PRIMARY FACTOR  
IN CHOOSING ACCOMMODATION



**73%**

SEE LOCATION  
AS PRIMARY FACTOR  
IN CHOOSING ACCOMMODATION

## HOW TO COMBAT MISTRUST

We can debate all day about whether high rollers', or indeed anyone's, trust issues are justified, but ultimately there are ways in which the hotel industry can be proactive in addressing the problem. Even if it is simply one of perception.

Primarily, we in the hotel industry should be doing more to demonstrate transparent business practices and pricing from the outset clearly and concisely explaining any rate or policy changes. Simply speaking, clients like it when you stick to the brief. If it changes they want to know why.

### PROACTIVE STEPS HOTEL MANAGERS CAN TAKE



#### TRANSPARENT PRICING

Be up-front and honest, trust in your pricing model and don't move the goalposts



#### GO DIRECT TO CLIENTS

Existing relationships needn't be your sole source of business: make new connections, grow your customer pool



#### KEEP RFP SEASON IN MIND

Clients appreciate a sensitivity to the climate and to their situation, explain your pricing in relation to RFP

#### STICK TO THE BRIEF



It can be tempting to offer over and above what the client initially asks for, but they have priorities. Focus on meeting those first

#### STAY IN CONTACT



Travel managers are sourcing new hotels less and less often - stay in regular contact to stay sensitive to new business opportunities

## MILLENNIALS MOVING THE NEEDLE

The term 'Millennials' may seem a lazy, even dated one. But those who fall into this category are taking up more and more influential positions in travel management. As indeed they are across the industry and professional spectra. We are also now seeing the first post-Millennial, or 'Gen-Z', travel managers entering the industry and putting their own unique stamp on it.

This is important.

Travel managers under the age of 36-37 (Millennial) or 24 (Gen Z - although classifications vary) have grown up to assume very different priorities to their older colleagues. This dynamic can and will have a tangible effect on their hospitality booking and buying habits and, on a long enough timeline, may represent a change in trajectory for the industry as a whole.

The notable way in which younger travel managers are disrupting once-established patterns is the shift towards serviced apartments over chain hotels. Although chain hotels are still the top choice all around, serviced apartments are particularly popular among younger travel managers.

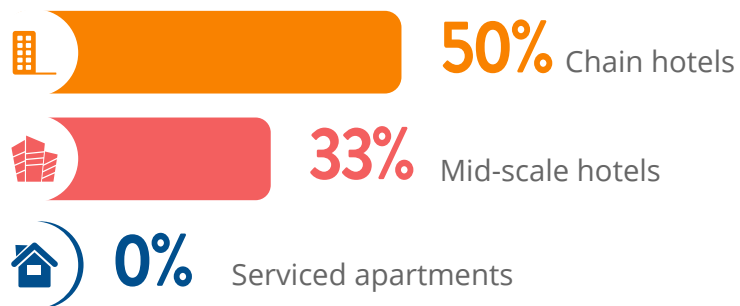
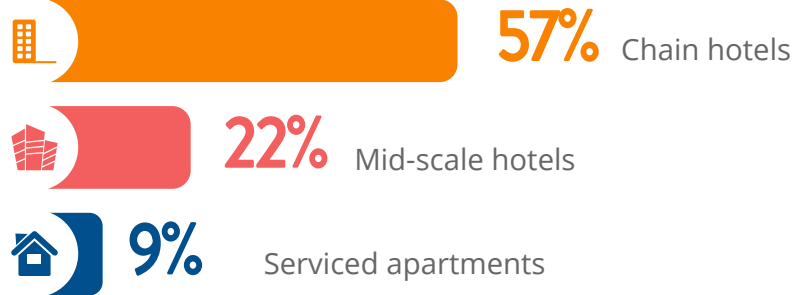
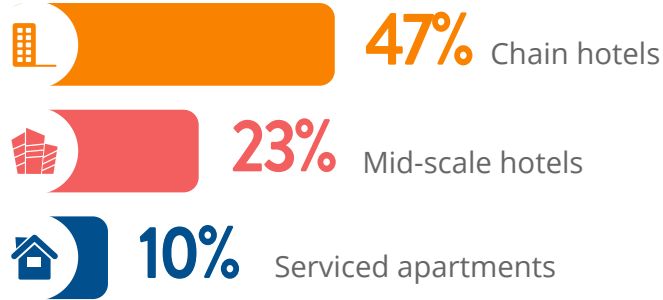
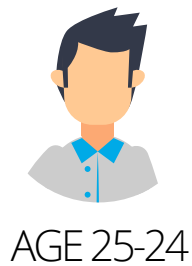
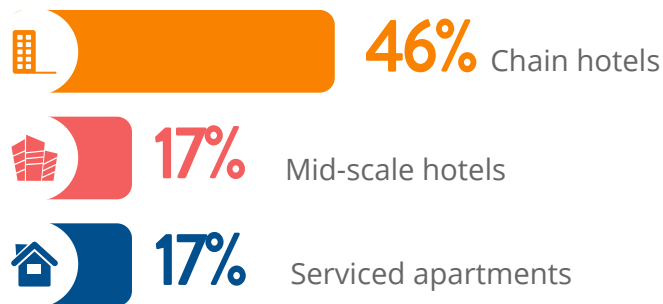
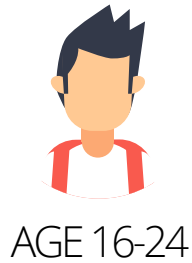
Not only are these the generations that came of age alongside the likes of AirBnB, the modern start-up business philosophy is - with its emphasis on company culture and staying lean - very much at play. Serviced apartments mean younger companies can house their teams in the same space in order to embrace cooperative working and foster greater camaraderie.

It's no surprise that this shift is particularly evident in creative industries: Arts & Culture (17%) and Architecture & Engineering (16%) swing much more towards serviced apartments. But don't be fooled into thinking this is a demographic or industry-specific phenomenon. Even the world's largest firms are starting to embrace and adopt this kind of thinking.

As boardrooms and management teams fill up with youngsters who, perhaps, find hotels rigid and obstructive versus what's on offer elsewhere, it's a trend set to evolve. So now is the time for the hotel industry to get ahead of the game and focus on providing more service offerings to a new generation of travel and business leaders.



WHO'S BOOKING WHAT - A GLIMPSE AT THE FUTURE?



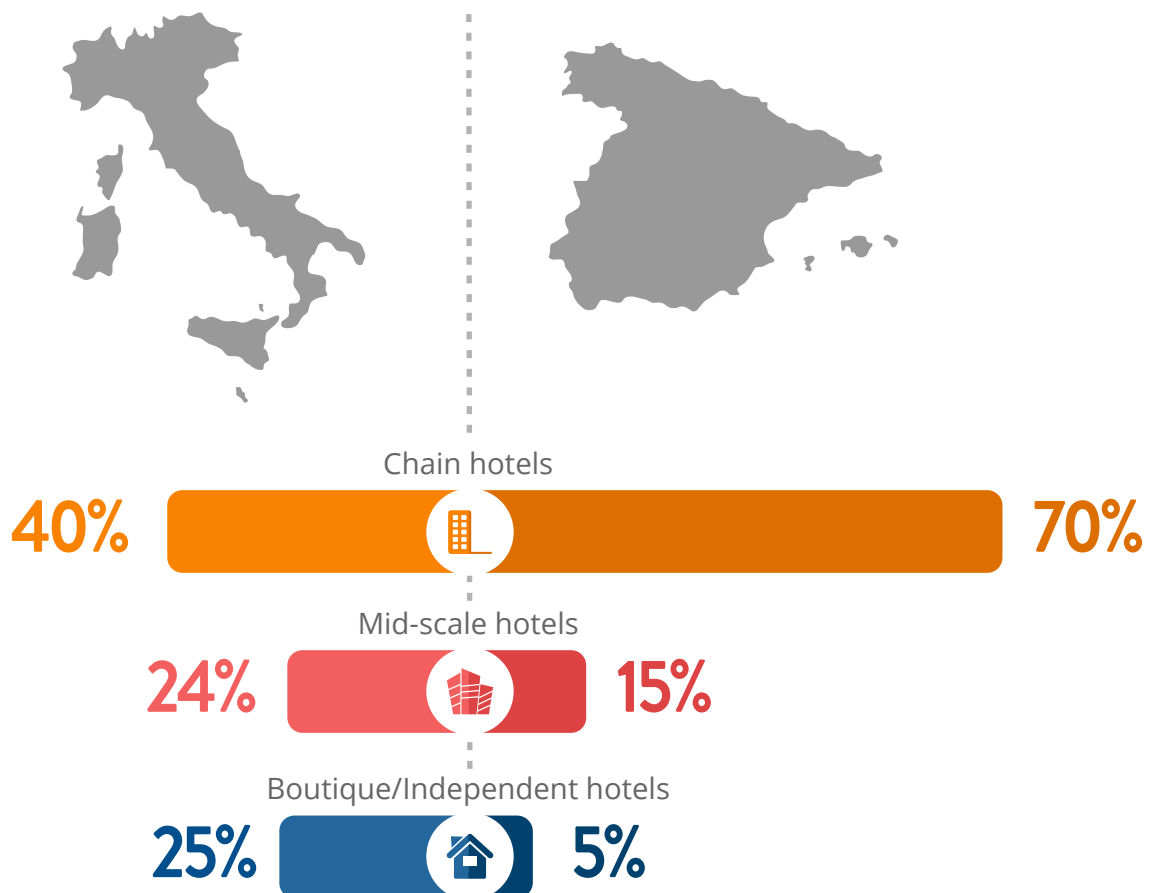
## TRAVEL TRAITS

The hotel trade, by its very nature, is a global industry, which means that hotel managers and travel bookers are conducting thousands of cross-border negotiations every day.

As a result, a working understanding of the specific needs and desires of each national group of travel managers is essential if hotel representatives are to maximise potential and keep diffuse groups of international partners happy.

While the UK and Germany share many similar nuances and behaviours, there are real, distinct contrasts across the rest of the rest of the nations surveyed, between even the closest European neighbours.

### ITALY & SPAIN - MOST COMMON ACCOMMODATION

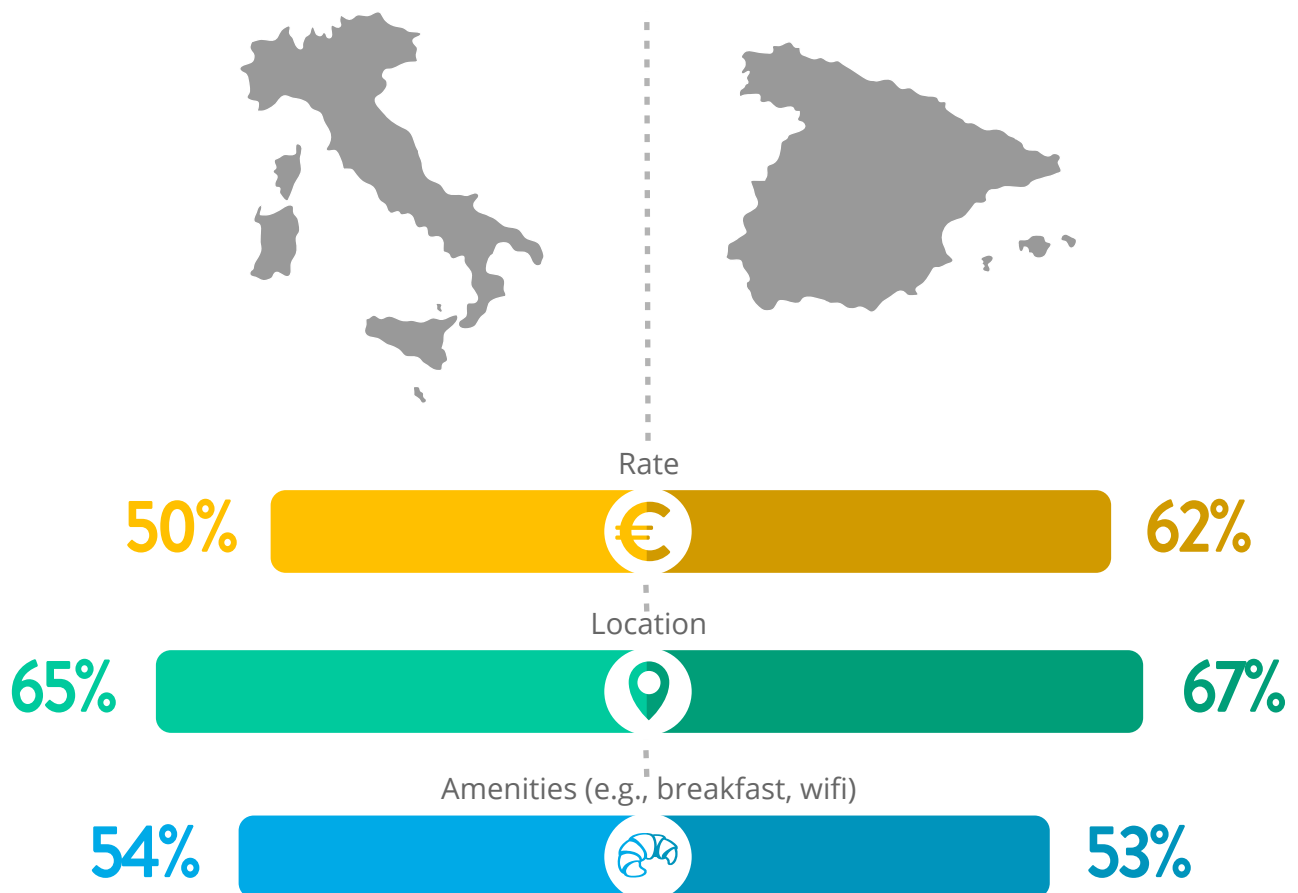


## TRAVEL TRAITS

As mentioned earlier, a number of travel managers across Europe are trying to keep costs down and one way of doing that is to book accommodation in chain hotels, which allow for partnerships which cover a greater geographical area and more varied facilities. Indeed around half of respondents (53% in total) prefer to go this way.

But for very different reasons Spain and Italy deviate: the former is much more inclined to watch the rate and book chain hotel stays, but the latter is much different. Why?

### ITALY & SPAIN - PRIORITIES WHEN BOOKING TRAVEL



## I TRAVEL TRAITS

There are a number of potential explanations at play here but chiefly, for Spain, it's cash. In 2018 the Spanish economy experienced lower-than-expected growth, so belt-tightening is a natural response.

However, the EU is optimistic about Spain's economic growth potential this year, citing an increase from 2.5% to 2.6%. With that, 2019 could be a time for hotel managers to court Spanish firms and establish strong relationships. Sure, this might mean modest financial returns in the short term, but once trust has been established and Spain's market strengthened, bigger gains lie in wait.

Conversely, Italian travellers largely eschew chain options in favour of boutique and independent hotels. They have the lowest proportion of the former and the highest proportion (25%) of the latter. Connect those dots and it's little surprise then that, of all the countries surveyed, Italian managers are the least concerned about accommodation costs.

There's a message here for high-end and boutique hotel managers: pay close attention to the Italian business travel market and the service expectations they have. This survey is a good starting point to make inroads into a potentially rich revenue stream with clients for whom cost is less of an issue.

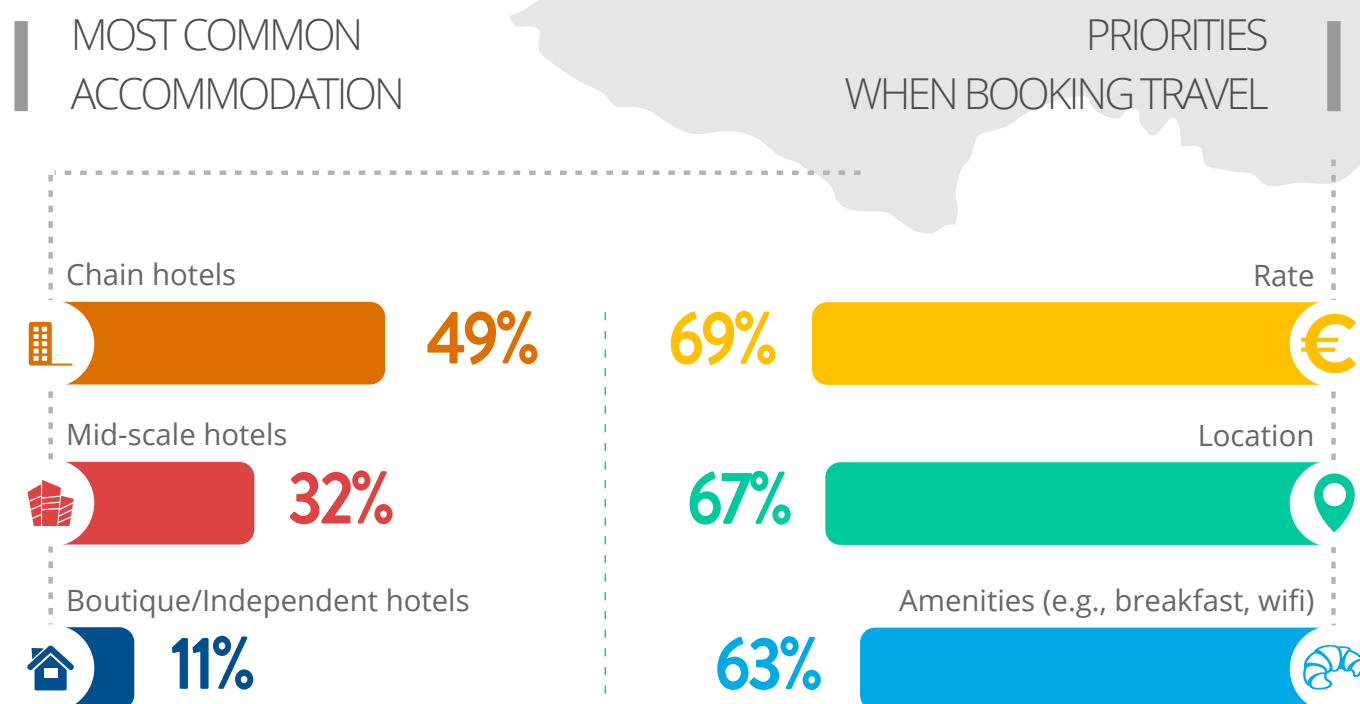
## TRAVEL TRAITS

French market trends, buying habits and pressure points, presents another set of character traits for hotel managers to consider.

Almost a third (32%) of respondents from France say they're most likely to book mid-scale hotels for business travel for their company, comfortably the highest instance in our survey. One reason for this is that French travel managers are by far the most concerned with amenities, such as breakfast, wi-fi and so on (64%).

French negotiators seem to be compelled to pay a slightly higher price for a more bespoke service, guaranteed wireless internet and coffee on tap. So a real challenge for French travel managers in 2019 will be balancing their desire for lower cost accommodation with the need to ensure certain facilities and services are in place.

This insight provides another very real opportunity, particularly for boutique hotels. By thinking ahead and creating the kind of bespoke and dynamic service packages French travel managers clearly crave, boutique hotels may be able to offer the add-ons and the personal touch that are missing elsewhere.



## CHAPTER 3

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# HOW TO PROSPER IN YOUR CORPORATE TRAVEL NEGOTIATIONS

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## I CONSENSUS BUILDING

Now we know more about who's sitting on the other side of the table (or the other end of the modem) and what they're looking for, how do we ensure that negotiations run smoothly, efficiently and leave everyone smiling?

As is often the case with travel management, you're usually negotiating with someone who is in another city, if not another country. While modern communication tech can help you connect with almost anyone globally and in an instant, its limitations can severely handicap the fundamental processes of negotiation.

Here are some techniques you can employ to combat these issues and thrive in the year ahead.

### 1. BUILD A MORE PERSONAL CONNECTION

The instantaneous nature of email means that there is often little-to-no build between the initial greeting and the latest negotiation request. Communicating this way can be perceived as cold and potentially work against your goal of fostering a friendly, collaborative environment. This is especially true when crossing national (therefore cultural) borders. So show an interest in your counterparts point of view: it's an effective means of building rapport and bringing them on-side.

#### **TOP TIP:**

Ensure you humanise the language in your emails. Keep your tone light and friendly, which will help build that trust in the early stages of the digital relationship.

### 2. BE OPEN ABOUT YOUR END GOAL

Sharing deeper insights about your position can help build a shared understanding with your negotiation counterpart. If you are overseeing a large-scale booking partnership, share that you have a lot on your plate and the other party may be more inclined to negotiate sympathetically. It also implies a level of honesty that, according to our research, many believe is lacking in the hotel industry. Just be wary of over-sharing anything that might weaken your negotiating position. Be selective.

#### TOP TIP:

Always be honest about delivery deadlines. If you know you are not going to be able to deliver to your negotiation counterparts' deadline, tell them up front. You can build that trust earlier with this level of honesty.

### 3. DO YOUR HOMEWORK

In different countries people work and communicate in distinct ways. Therefore, it pays to enter negotiations with at least a working knowledge of whom you are dealing with, how they operate and what they value. For example, research the kind of rates you have offered similar-sized companies in similar locations, set baseline costs and look for potential areas of flexibility. This approach will not only show that you are adapting to their way of doing business, but it will also allow you to ask more probing questions from the outset.

#### TOP TIP:

If you need to know more to ensure you deliver the best possible information ask questions. Show you want to understand their requirements as deeply as possible again it all comes down to building trust and honesty.

### 4. ASK "WHY?"

Why puts the onus on the other party to justify a position, a policy or a reason for denying a request. This is one area in which online negotiation is often more effective than face-to-face, phone or video communication. With unrecorded messaging, exact wording and context are lost and it's difficult to cite or challenge someone's words later. There's no such escape from emails and chat logs - they're a goldmine for tracking inconsistent answers, changes in emphasis and potential areas of leeway.

#### TOP TIP:

Don't be afraid to push back. You are at the start of a meaningful long-term relationship negotiations require back and forth. Keep your questions concise and polite to keep the trust and integrity of the negotiation process.



### 5. PRIORITISE AND BE REALISTIC

Negotiation is, by its very nature, about consensus and often compromise. It pays to be realistic and to focus on securing your most-valued assets. Look for areas in which your priorities overlap and, even more usefully, those in which they don't. It shows a receptiveness to other viewpoints and can give you increased negotiating leverage on your own pivotal issues.

#### TOP TIP:

A visible willingness on your part to yield on items of lower importance to yourself, but higher importance to your negotiating partner, builds a greater rapport. Why not try and find out as early on in the process as possible what those high value items to your negotiation partner are.

### 6. KNOW WHEN TO WALK AWAY

Not all negotiations work out. Sometimes two sides simply will not mesh in a way that allows both to be content with the end result. Identifying non-negotiable agenda items and having more than one service option lined-up from the outset provides a strong safety net that makes walking away from a bad deal much less daunting.

#### TOP TIP:

The earlier you realise a negotiation is not going to be successful the better it is for all parties. Be honest and clear in your explanation as it could be that you want to negotiate again in the future so ending a negotiation on good terms is always more favourable.

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# SOURCES & METHODOLOGY

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## RESEARCH

The research was conducted by Censuswide, with 506 corporate travel decision makers in large (firms with over 250 employees) or international (firms with offices in two or more countries) companies. It was carried out between 07.12.2018 and 21.12.2018. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

## SOURCES

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l/table\\_hist\\_hicp.en.html](https://www.ecb.europa.eu/stats/ecb_surveys/survey_of_professional_forecasters/html/table_hist_hicp.en.html)

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<https://comtrade.un.org/>



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