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New dog, old tricks?

Maverick travellers – is behavioural change
linked to generational change?

Foreword from Amadeus

Business travel is about many things but above all, it is about people. In a recent survey of more than 400 frequent business travellers in the United Kingdom that was sponsored by Amadeus and the Guild of Travel Management Companies, 50% said that meeting face to face is essential to business. It doesn't mean that technologies such as video conferencing have no role to play. But it does mean that the human touch is still a vital part of the mix for winning and retaining business.

We live in a dynamic world. New economies such as those of Mexico, Indonesia, Nigeria and Turkey are emerging. A new generation of business travellers is also taking to the skies, roads and railways. Dubbed 'Millennials' (or Gen Y among other labels), these are the boardroom executives of tomorrow and they are beginning to exert their influence.

How different is this new generation of traveller from those who have preceded it, and how should companies adapt to meet their needs? There are no easy answers to such questions. Despite growing up as 'digital natives' who are at ease with technology, it was the Gen Y respondents in our survey who were most in favour of face to face meetings (64% said it was essential to business). The point is that corporations and the companies that serve the interests of business travellers need to maintain an open dialogue, explore new possibilities and be open to new ways of delivering value.

As the world's leading travel technology company, Amadeus has a vested interest in the future. That's why we are delighted to be part of this initiative by Capita Travel and Events. When the business travel industry seeks to address the needs of 21st century travellers, together we can shape the future of travel.

Rose Fernandez,
Director of Marketing, Amadeus UK & Ireland

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Introduction

Travel managers have been wrestling with the challenge of how to change the behaviour of travellers and bookers for years.

From improving compliance to preferred channels and policy, avoiding and reducing costs by making individuals think differently about how they plan their travel, to educating employees about how to become good corporate citizens. The corporate cultures may be different – the challenges are not.

2014's Business Travel Show survey painted a positive picture of compliance. 76% of buyers reported that driving compliance over the previous year had been no more difficult.

Compliance is a major issue for the remaining 24%, but the remainder are also asking themselves whether their approaches are future proof. And all because of the phenomenon of the Millennial Traveller.

Are the Millennials shaping travel, as many commentators suggest? These digital natives will make up over half of the working population by 2020, but how does this generational change affect travel management? After all, a maverick is a maverick. The Millennial is just the latest incarnation, bringing new attitudes and tastes to challenge the authority of the company travel policy makers.

Then there's the inexorable rise of mobile. According to Phocuswright, 76% of 55 – 64 year olds now use smart-phones, whilst six out of 10 travellers now use tablets, whilst HeBS Digital estimates that 21% of hotel bookings and 15% of hotel revenues came by mobile during 2014.

If mobile technology dominates the planning and booking of travel, will this heighten the risk of non-compliance even further?

It's a three-pronged problem – maverick, millennial and mobile. In this paper we will look at whether behavioural change is linked to generational change, whether corporates can change traveller behaviour and how mavericks should be managed – millennial or otherwise.

6 out of 10
travellers now use tablets
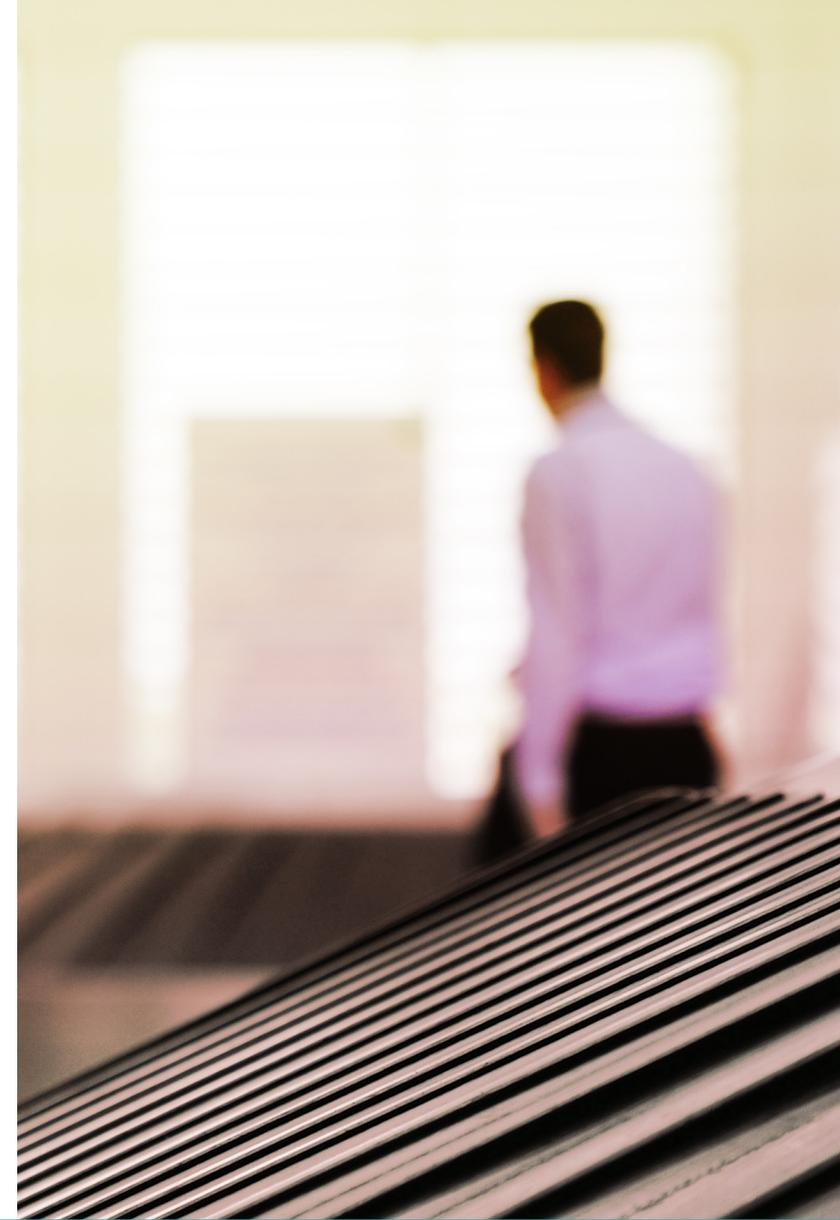
What is a Millennial Traveller?

Millennials (AKA Generation Y) are those born between 1980 and 2000. They have come into a workplace geared to talent mobility fluent in – and dependent on – technology. This is the last-minute generation.

Travel is a priority for Generation Y. They are mobile and connected, share content and experiences in person and via social networks.

Brought up mainly in dual-income households, Millennial can be very choosy when picking hotels. Luxury services, healthy lifestyle and sustainability are core values to a generation that is highly personal in its outlook.

Miriam Rayman is a Cultural Intelligence Strategist at the Flamingo Group. She believes that corporates should take note of these traits in their workforce if they want to get more out of them.

"Millennials have been formed by the ethos of the digital world" she says. "It's an open, sharing philosophy that embraces choice and control. Generation X was characterised by rebellion and being all or nothing, but that has not been carried over to Generation Y. Millennials have grown up with the means to carve their own way. Employers who are seeking out the best talent are the ones who let MT's do so."

Rayman points out that Millennials are motivated more by credibility rather than money. "Upping my online profile, having more followers on social media and boosting my cloud score is worth more than free stuff. Reputation is all."

What makes Millennials different?

"Every generation brings their unique elements, reflections of the era in which they were raised. The Millennial is simply a reflection of our global, technological, immediate, informational age."

Paul Tilstone, industry consultant

Millennials like to do things a little differently. They are more prone to last minute travel bookings. They prefer refundable tickets, often change their itineraries at the last minute and seats for more legroom. They tend to spend more on meals and up-graded WiFi too.

As Florian Tinnus of Amadeus IT group puts it, "the new generation comes to the market with new technology and social media already integrated. Open booking and searching for information online is part of their DNA."

Travel industry suppliers have been re-tooling their products to meet a changing customer demographic for some time. The hotel sector has seen new brands such as Starwood's Aloft, Intercontinental Hotels' Indigo and Even; Marriott's Moxy and Hub by Premier Inn. Marriott has also introduced a social networking tool called Meetings Imagined.

But how does this generational change affect the corporate. One travel manager in the financial services sector is sceptical. "Our employees generally feel that their time is important and that they would rather not spend it looking at travel options but have someone do it for them. We have seen no evidence of a need to change the way we work from our 10,000 plus travellers."

So what's all the fuss about?

Steve Wilson, Capita Travel and Events' Director of Customer Relations recognises that Millennials' hunger for travel information can give maverick travellers a sense of validation and justification for non–compliance. "However, having relevant information at travellers' finger tips allows common sense decisions to be made, such as paying £10 more for a hotel to save a £15 taxi fare."

"This is a generation that values social connections, convenience and opportunities to indulge in luxuries."

Sisy Vincente, JPMorgan Chase & Co

Maverick or Millennial?

"The suspicion is that Gen Y is so tech-savvy that they will go outside policy. Travel managers like control so don't want that compromised. The issue is whether I can see what's going on."

Travel manager, professional services sector

Recent industry research estimates that corporates could save up 15% of travel spend by eradicating maverick buying. However the key lies not in spotting the offenders, but in understanding the reasons for their behaviour.

Company culture and traveller experience play as big a role in travel management as cost and duty of care. The gap lies in bringing traveller behaviour into a more controlled environment.

Steve Wilson believes that the required changes are less about the new generation of travellers and more about the changing circumstances of business travel.

"Travel programmes have become much more sophisticated. Hotels have to be signed off by security teams before they can be included in corporate programmes. They require diary management and diary flexibility in line with understanding of low and peak travel costs."

"Long haul travellers still want full service experience, but low-cost carriers now distributing through GDS are benefitting because younger travellers don't want the airport lounges and are therefore more receptive to budget carriers, although it can depend on the destination."

"There are more options to save money by changing travel route, date or time, which all have to be communicated and explained to the traveller. At the same time pre-trip authorisation and integrated expense controls have meant greater ability to address non-compliant spend before it is incurred."

A travel manager in financial services agrees that the need for behavioural change is not generational but generic.

"The focus should be on keeping within policy, booking sensibly and not abusing the company's money. Younger travellers may be happy to think outside of traditional suppliers, for example choosing Hailo over black cab or trendy boutique hotels over older brands. However, they have not changed booking behaviour that much."

By contrast, Amadeus' Florian Tinnus is not convinced traveller behaviour even needs to change. "For Generation Y travel needs to be productive and inspiring. What they see in leisure they also want to see in business travel, so we need to change the way we approach them.

"We need to create a new environment; to give them a customised experience so they can choose products that are personalised to them. We have to move from the business travel silo to a corporate travel eco-system."

New starters and old timers

"There is no old and new – there is only the spirit of corporate citizenship that needs to be encouraged more"

Florian Tinnus, Amadeus

There are many reasons for non-compliance. New joiners to a company might not be sufficiently au-fait with travel policy, but are usually keener to make a good impression and to 'do the right thing' than longer-serving employees.

Whilst it is clear is that if non-compliance has no direct consequences for the offender, non-compliance is more likely to recur, it is also evident that bad traveller experiences lead to poor performance and eventually to costly staff turnover. So travel managers have to balance cost and experience.

Travellers may have preferences that are not unreasonable, and with the Millennials about to dominate the workplace, greater dialogue with travellers and flexibility in travel policy cannot be ignored.

But who makes the best corporate citizens? Some companies may have more problems with old lags than newbies; others, as one travel manager admits, find that "those that have been here for some time are more likely to do the right thing, than those that view themselves as being more transient."

However Paul Tilstone doesn't think corporate citizenship relates to age. "A young-gen is just as likely to be cynical of their corporate environment as an old-gen. Corporate citizenship is relative to the culture created by the leadership."

Mobile mania

Concurrent with the emergence of Generation Y has been the rise of mobile.

According to We Are Social's 2014 European Digital Landscape research, there are 576m unique mobile users across the continent. Research by Amadeus m-Power found that 87% of global travellers now use smartphones whilst on the move, and that 62% of business travellers regard convenience as their top priority.

Although Phocuswright estimates that 58% of travellers are now comfortable paying for travel via mobile using stored payment information, only 1 in 4 actually complete a booking using mobile. The question is whether the current generation of apps are efficient enough to give the user the confidence to use mobile from planning, through booking to purchase of travel.

The efficiency of an online booking tool designed for desk users is rarely maintained on mobile or tablet, making the tool less relevant for these users. And the situation will only get worse as mobile technology develops into wearable and biotech formats.

Many existing booking tools cannot incorporate tolerance thresholds to enable users to see what is available up to, say, 10% above the hotel rate cap, making it harder for the corporate to change policy. Such an approach would be impossible with rail fares.

"Generation Y is used to apps and cannot understand why conventional systems throw up so many issues" says our professional services travel manager whose firm has a transformation agendas that is being driven by mobile. "The ability to book on the move is increasingly popular amongst employees and is therefore being encouraged once linked to expense management and other control systems" he says.

Steve Wilson of Capita believes that new travellers definitely want to plan and book via mobile, but in practice are wrongly restricted by corporate IT procedures. "To us, mobile is simply another channel. It's still up to the TMC to manage that booking. There are basic requirements to be met; travellers want simplicity, whilst corporates want optimum processes, cost control and welfare taken care of. Like online before it, mobile adoption will continue to grow – but only if the needs are satisfied in full."

"Capita Travel and Events' approach to mobile is to develop technology that gives travellers enough information to make informed decisions. We are also aggregating relevant content so that we, as a TMC, and our customers have access to what travellers want, at the right price" says Steve.

"Millennials are naturally reliant on their smartphones and expect content on the move through apps" Steve continues, but points out that level of seniority is relevant too. "Those who have someone booking for them are less likely to want an app, unless it can really make life easier when they're out of the office. There's also an issue around IT security; many corporates do not allow their employees to download any apps onto their company device."

"Mobile isn't going anywhere. It takes time for each technology development to go mainstream but it's all about how functional it is."

Miriam Rayman, the Flamingo Group

Are corporate attitudes changing?

There is evidence that MTs are more liberal with their employers' money than their own, at least compared to the previous generation. Just under 28% of MTs surveyed by The Guild of Travel Management Companies (GTMC) in 2014 typically travel by first class rail, compared to 16% of respondents across all age groups.

Then there's the challenge of new suppliers such as Airbnb and Uber. These new products have been tailor-made for Generation Y, but raise corporate concerns over insurance, traveller security and duty of care although, whilst there are inherent issues these suppliers are also attractive to travel buyers as they add additional inventory to a market with additional service elements.

"Let's face it" says Paul Tilstone, "if there were chauffeur drive companies out there with enough reach, inventory, good pricing and the technology to allow you to tap and request a car within minutes Uber would never have been created."

The underlying message is that whilst, in their current form, these suppliers are a challenge for employer and employee, in time Airbnb et al could become part of travel programme, but vetted and with clear rules set around their use.

So should corporates make their travel policies more flexible, based perhaps on spend limits rather than mandating specific classes of travel, giving travellers greater choice, flexibility and the means to book by mobile? Or should Generation Y simply knuckle down and accept the status quo?

Florian Tinnus highlights another issue. "Corporate attitudes are changing, but too slowly. Lots of young people are being hired but their on-boarding process is way too slow and they are too often left to their own devices."

Travel managers agree that a meeting of minds is the desired result. "Our business realises that travel is an important part of the company achieving its objectives so we are all about travelling smarter, not stopping travel or letting people go off-piste" says one. "We treat travellers really well so it's no hardship to expect them to follow policy" says another.

"If we mould the policy to the consumer we would spend more. You have to have control wherever there is large travel spend. We spend 5% of our travel budget on controlling that budget."

Travel Manager, professional services sector
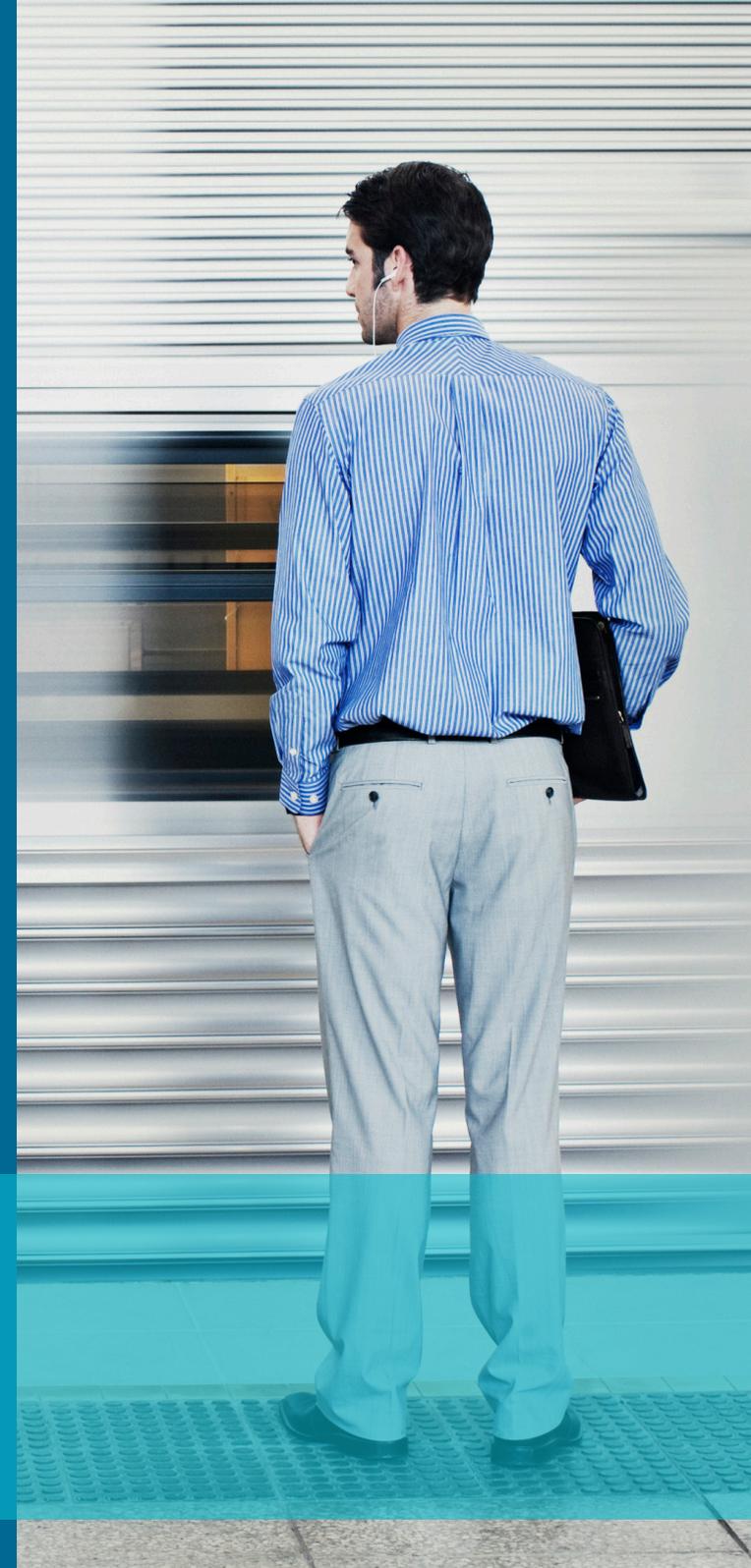
Travel 2.0 and Gamification

Corporates are deploying contrasting strategies to combat maverick spend. Travel 2.0 and Gamification are both closely associated with behavioural change and to Generation Y.

Travel 2.0 is about accepting a level of maverick spend will always exist. By capturing the data from that maverick spend, the overall quality of data is improved and generates a better ROI than from trying to change the behaviours of the minority.

"The theory is that, given the right deals and level of content in a corporate programme, travellers of all generations will use the right channel" says Steve Wilson. "In our view, specialist content + rate + availability = value, so we don't face many of the issues around non-compliance as agencies which have to invest to create channels that combine content with simplicity and efficiency."

Gamification is the use of game to influence employee behaviour by rewarding (in a corporate travel content) compliance with various elements of policy, such as booking preferred suppliers, booking in advance and not checking bags for short trips.

In some eyes it reflects a means to reach out to a generation brought up with online gaming. In the eyes of others, the concept has been around for decades – it used to be called incentives. In neither case has it proved to be anything more than a tool in the travel management kit.

Florian Tinnus also points out another risk. "Only works in certain industries. Gamification risks patronising Gen Y – they don't want to have an X Box put in front of them."

But although the principles of gamification are undoubtedly a perfect fit for the 'what's in it for me' Millennial generation, there is little evidence that Gamification is being widely adopted by travel managers. Just 2% of those polled in the Business Travel Show survey admitted to using 'incentives' to drive compliance, not least due to the potential tax implications.

Paul Tilstone links the two trends. "The present assumption is that Travel 2.0 will be adopted by the travel management community because they want to. Travel Management 2.0 may be adopted because there's ultimately no choice if travel suppliers continue to differentiate content and pricing by channel. This is where gamification will be the friend of the corporation as it is used as the carrot to reward good traveller behaviour."

But are Travel 2.0 and Gamification indications that corporate attitudes towards a changing workforce are changing? Paul Tilstone recognises a "definite shift from control and compliance to an environment of servicing and selling the travel management proposition."

The travel manager from the financial services sector believes the change is due to more and better data now being available with which to drive better behaviours, "although no one is talking about letting travellers do their own thing."

So is mandation an outmoded concept or an impossible dream? "Neither - providing you follow it through but it takes a lot of work" admits Steve Wilson. Others believe the perception that Travel 2.0 will rule and that mandation is dead to be false. "It all relates to company culture and travel patterns" says Paul Tilstone. "Mandation, policy and control will still suit some. 2.0 will be thrust upon or readily adopted by others. Most will sit somewhere on that spectrum."

"Corporates have to adapt in order to achieve what's best for their business" says Steve Wilson. "The new generation has to accept culture and policies, and in return the corporate has to accept that there are new ways of doing business.By adapting to the changes that are focussed on Generation Y, employers and employees will become more closely aligned."

specialist content + rate + availability = value

Role of the TMC

Although the travel management market has changed dramatically over the last 20 years through technology and the fragmentation of distribution channels, the same cannot be said of many TMCs. Their evolution has been relatively slow in comparison, especially in terms of adding value to the corporate in addition to transactional servicing.

"The time is perfect for TMC's to up their game in the provision of added value services to corporations and to thrive if they approach the challenges right" says Paul Tilstone. "Corporate buyers need help in data management, analytics, emergency servicing, technology implementation and adoption."

The financial services Travel Manager believes that change will come – eventually. "TMCs need to adapt to whatever their corporate customers want and I think they will. They may not like it initially and some may spend more time developing ways of collaborating than others but they will get there in the end, just as they have adapted to other seismic changes over the years."

As Steve Wilson explains, Capita's strategy is clear. "We see total trip management as key to understanding how we influence and shape demand and cost management."

2015 will see Capita Travel and Events launch a consultancy business to complete the value chain. "Total trip management with aggregated content coupled with expert knowledge will help guide companies through an increasingly diverse and fragmented market" Wilson says. "The challenge is ensuring you make the right content decisions."

The Capita perspective

A number of factors drive business travel decisions.

As well as total trip cost, proportion of budget utilised and year-on-year comparisons, there are the more qualitative criteria such as traveller welfare, trip alternatives, sharing other travellers' knowledge and authorisation processes to consider. Not to mention determining cabin class and ticket types and whether to include or exclude ancillary cost items such as station parking, Wi-Fi, lounge access and refreshments.

One of Capita Travel and Events' leading qualities is to influence behaviours through process and interaction. Our objective is to ensure that options and alternatives are embedded within travellers and delegates' thinking and influence the direction of demand to reduce the overall cost of the trip or meeting.

The policies that achieve high compliance focus on preferred programmes to maximise leverage, cost control and better data, thereby achieving a better understanding of travel and booking patterns. Mandating is secondary as it depends on company culture, traveller and booker demographics.

We know that one size doesn't fit all. We've been changing behaviours in our customers' organisations for years by providing the right offer at the right time. We have created merchandising platforms that enable travellers to view the true cost of travel options including ancillary costs not already negotiated as part of the company programme.

So there's less compromise on cost and productivity and suppliers can monitor supply and demand more effectively. Policies and programmes are embedded in booking technology, making compliance an easy choice for travel bookers.

Education and communication also drive change. For example, despite our customers' rail booking lead times having halved over the last four years and demand for advance purchase tickets has increased by 57%, as a result of our behavioural change strategies using better education and communication, more travellers are taking advantage of cheaper fares.

To bring about that understanding, buyers and travellers need an up to date view of the market, which is why we investing in mobile technology and sharing platforms. We believe that we can offer value well beyond travel transactions into wider considerations of process, including behavioural change management.

"We see total trip management as a must to understanding how we influence and shape demand and cost management on behalf of customers."

Steve Wilson, Capita Travel and Events

Conclusions

There is no 'magic key' to the issue of changing traveller behaviour, or to achieving the right balance between the corporate's desire for control and the Millennial's desire for choice. However there are some easy steps to take the road

- Look at your travel policy from a Millennial's point of view. Does it meet Generation Y's needs?

- Procurement needs to collaborate with travellers and with other corporate colleagues such as HR. The issue of traveller behaviour also highlights the importance of close co-operation between procurement and HR. Company induction programmes should include a detailed briefing on travel policy – especially in the booking process.

- Provide relevant content from trusted sources that focusses as much on the destination as the trip. The content offered must give travellers the information to make informed decisions.

- Challenge the need for travel in the first place and ask if things could be done differently. Address whether some meetings could be held by VC or telepresence instead of face-to-face, without forgetting its value in relationship building.

- Traveller profiles could be set up automatically via a direct feed from HR, highlighting new employees likely to be travelling on business and providing the necessary guidance in what to book, and how.

- Technology and content are essential elements in the mix. Systems and platforms have to offer the mobile user the same functionality and efficacy as the desk user enjoys.

- Policy reviews remain essential as technology, business cultures and generations change. If you haven't already done so, take a fresh look at your policy with a view of the MT to ensure it is fit for purpose.

- Whether it's work-life balance, safety or general wellbeing, employee welfare is a concern for businesses that want to maintain a talented, productive workforce. MTs are interested in getting the balance right - ensure you have the right level of support if you endeavour to change behaviours and policies in a way that maximises savings and duty of care.

"Corporate travel should be about connecting businesses. It should be inspiring. We need to focus more on the destination than the trip. The whole process should be more 1-2-1."

Florian Tinnus, Amadeus

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Acknowledgements

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