

TRAXO

PRICE ASSURANCE

Supplier Negotiations,
Rate Auditing &
Re-Shopping



**Modern
Travel
Management**

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What is price assurance?

The post-COVID reality is that most travel managers will face continued pressure to reduce their travel program spend. While spend reduction measures may include moving some corporate travel activity from in-person to remote, buyers should consider other strategies to reduce costs and maximize their remaining budgets. Going forward, you might be spending less on travel, but it's important to consider whether or not you're spending better.

When you're managing travel for hundreds or thousands of employees, it's essential to assess overspending on every booking. Sometimes overspending occurs because employees select upgrades to make their travel more comfortable, but more often than not, overspending is unintended. The concept of 'Price Assurance,' which encompasses supplier negotiations, rate auditing and rate re-shopping, means ensuring your business travelers get the best price available for upcoming trips. These three approaches are critical to managing your travel program in a cost effective manner.

How is price assurance usually achieved?

Historically, price assurance was laborious for both travel managers and their employees. For travelers, ensuring they secured the best rates meant running price comparisons across supplier and OTA sites. For travel managers, price assurance meant auditing past bookings, creating reports, and negotiating with suppliers and TMCs often without crucial information on their company's actual rates booked and true total spend.

While TMC reports are good data sources for agency bookings, they miss significant portions of an organization's booking data. Relying on expense reports also poses a problem because they lack important details of travel booked with each supplier, such as confirmation numbers and nightly rates. Because travel leakage is so prevalent — often equating to 50% of overall hotel spend — negotiations without comprehensive, pre-trip data simply aren't as effective.

Even after renegotiating rates with a supplier, the need for price assurance remains. You can (and should) use price assurance to audit bookings and ensure your travelers actually receive your negotiated rates. If they don't, you'll have the leverage you need to hold your suppliers accountable and have rates corrected.

How can I take advantage of price assurance today?

Companies need rich, structured, pre-trip data about every booking, for both TMC and non-TMC purchases, to get the most out of price assurance. Thanks to pre-trip travel data aggregation and auditing resources like Traxo, it's now possible to eliminate arduous, manual data gathering and instantly capture pre-trip data from all booking sources.



With pre-trip data at your fingertips, you can:

- Automate price assurance and apply it to all employee trips booked through TMCs and other travel suppliers (including air, hotel, car, rail and other segments)
- Help employees stay compliant and book travel more efficiently
- Ensure your organization receives credit for every travel booking made with your preferred suppliers
- Continually optimize travel spend through strategic sourcing

Which organizations use price assurance?

Many of today's most progressive travel programs already leverage price assurance to keep travel spending in check, including Dell, ZS Associates, McKinsey & Company, Shell Oil and the NBA. As travel management advances and comprehensive data becomes more crucial, all travel programs should move beyond antiquated practices and embrace modern solutions for data aggregation and price assurance.

Who can help me with price assurance?

Beyond collecting and normalizing your data, several companies can help your organization take advantage of automated price assurance, including TRIPBAM, Coupa, Smart Hotel Rate, BTP Automation, FairFly and various TMCs. As we discuss the three components of effective price assurance — supplier negotiations, rate auditing and re-shopping — we'll explain how each service can support your unique goals.



SUPPLIER NEGOTIATIONS

What are supplier negotiations?

Supplier negotiations are essential components of well-run travel programs. Through these negotiations, travel managers secure discounted rates on travel bookings that amount to significant savings over time. Most travel suppliers will negotiate rates, including airlines, hotels, and car rental companies.

However, most travel buyers dislike the traditional request for proposal (RFP) process because it requires significant time and resources. Plus, many are forced to work from incomplete information cobbled together using TMC reports, card data, expense reports, and — if they're lucky — supplier reports. This piecemeal approach is convoluted and makes crafting a sound RFP extremely difficult.

What are the outcomes of supplier negotiations?

The main benefit of supplier negotiations are travel program savings. An [article](#) by Business Travel News about hotel negotiations says that “what matters is that the discount is substantial in return for the volume or share commitments made. In most markets, a 20 percent discount is the expectation.” With complete visibility into off-channel bookings, you can request your suppliers provide negotiated rates based on all travel purchases, rather than just the travel booked through your TMC.

Leveraging help from experts takes the benefits of supplier negotiations even further. For instance, TRIPBAM calculates your recommended hotel discount percentage and static rate based on both the local market and your organization’s volume with the hotel. They offer this service for domestic and international markets.

Smart Hotel Rate’s supplier rankings tool helps travel managers know which properties are most likely to honor negotiated rates and which may require additional auditing.

What is the traveler’s experience of supplier negotiations?

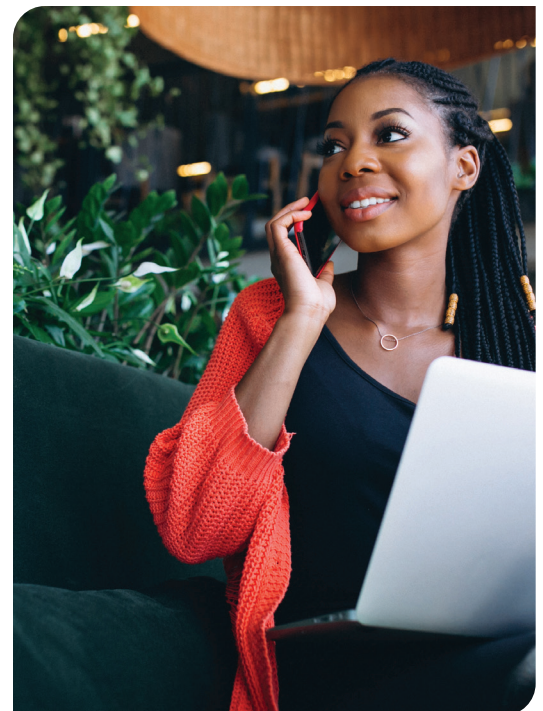
The outcomes of your supplier negotiations will have tremendous impacts on your travel program policies, which makes communicating these policies to your business travelers mission-critical. Depending on how effective your negotiations are and the travel volume your company delivers, your travelers will typically enjoy better rates, improved customer service and extra perks from your suppliers.

Which companies help with supplier negotiations?

Driven by the pain of the RFP process, services are available to optimize the negotiation experience and deliver better outcomes.

- **BTP Automation (Hotel)**
BTP Automation leverages complete hotel booking data and advises on when and how to negotiate in an RFP process.
- **TRIPBAM**
TRIPBAM’s “continuous sourcing” approach provides actionable analytics and benchmarks to achieve new and better discounts.
- **Sabre Hotel RFP**
- **Smart Hotel Rate**
Smart Hotel Rate’s supplier ranking shows the spend and room nights by hotel and quickly conveys which properties perform best in terms of honoring negotiated rates and discounts.

In addition to BTP Automation, TRIPBAM, Sabre and Smart Hotel Rate, many TMCs assist their clients with supplier negotiations and the RFP process. Reach out to your TMC to learn how they can support you.



What is the cost of a supplier negotiation?

Time is one of the most significant “expenses” for travel teams during supplier negotiations. A self-directed supplier negotiation can take weeks or months to complete, with endless back and forth between the buyer and the supplier. A TMC-assisted supplier negotiation improves this experience by streamlining the process and adding additional expertise. However, the TMC will charge for their services and, in most cases, will have limited information on off-channel bookings.

Traxo recommends using a solution like BTP Automation. BTP Automation automates the complete Hotel RFP and Hotel Program Compliance process and accounts for all TMC and non-TMC spending. This type of data-backed negotiation helps improve the organization’s request, resulting in a more favorable outcome. BTP charges its clients 1% of a program’s annual hotel spend. Other service providers, including TRIPBAM and Smart Hotel Rate, can assist with supplier negotiations, as well. To learn more about these supplier negotiation solutions and how to contact each organization, please refer to the Supplier Index at the end of this ebook.

RATE AUDITING

What is rate auditing?

After you’ve tackled your supplier negotiations and secured discounted rates on hotel, airfare, and other travel segments, it’s crucial to ensure your negotiated rates are properly applied to employee bookings. Rate auditing is the analysis of corporate travel bookings and verification of your agreed-upon rates. According to Smart Hotel Rate, companies overspend by at least \$14 billion every year compared to negotiated RFPs. Developing a clear and consistent understanding of the rates you’re actually getting empowers you to maximize the outcomes of your negotiations and provides invaluable information for future negotiations.

There are three factors to consider when auditing discounts:

- Was the agreed-upon discount applied?
- Was it calculated correctly?
- Did you obtain the expected discount compared to publicly available rates and fares?

What are the outcomes of rate auditing?

If you find discrepancies in your employee bookings and contractual rates through rate auditing, depending on your volume with the particular property, you can approach the supplier and ask for a correction or refund. However, only the largest corporate programs can negotiate actual SLAs for rate accuracy. Auditing is crucial, as errors can amount to tens or hundreds of thousands of dollars in travel program waste. Because retrieving compensation after stays end is challenging, correcting rate discrepancies before trips occur is ideal. For this reason, rate auditing services that include re-booking incorrect rates are optimal.

Most suppliers welcome this process as mistakes can happen when applying rates. From their perspective, honoring commitments made during the RFP process builds stronger corporate customer relationships.

Historically, rate auditing has been completed manually using spreadsheets or through a stand-alone auditing tool — both of which rarely deliver results before the hotel check-in date. This process is tedious and time-consuming and does not guarantee the recapture of overpayments. Only Smart Hotel Rate conducts audits in real-time — including on bookings made directly with hotels, which are otherwise “out of program” expenses, ensuring that the correct negotiated rate is honored.

Additionally, rate auditing helps with travel program compliance. With complete travel data and a rate auditing service at your fingertips, you can analyze and identify the sources of travel program leakage. After arming yourself with detailed information about your travelers’ behavior, you can implement policy changes and distribute employee communications to boost compliance.

Compliance and visibility are essential parts of ensuring your travel program generates the volume promised to your suppliers — a promise that should become easier as the travel industry recovers from the pandemic. Leveraging rate auditing can help you save money and provide more realistic information on the supplier volume your travel program produces (and through which booking sources), enabling you to prevent over-promising during future supplier negotiations.

What is the traveler experience of rate auditing?

Rate auditing doesn’t interfere with business travelers directly. However, it can eliminate the traveler’s desire to price compare their bookings — a practice that commonly leads to off-channel purchases. When you make your travelers aware that you have strong supplier relationships and continually audit corporate travel bookings to ensure negotiated rates are honored, travelers will be more likely to stay within your travel policy boundaries. Additionally, when rates are verified before check-in, overpayments can be avoided and travelers have a smoother experience at the property.

Which companies provide rate auditing?

Traditional rate auditing requires frequent report checking to identify rate discrepancies. Then, the organization or its TMC must work directly with suppliers to investigate and resolve issues. These are time-consuming processes that usually can only be applied to your TMC’s bookings.

Fortunately, new solutions take the pain out of rate auditing by using automation and complete details on TMC and non-TMC bookings.

- **Smart Hotel Rate**

Smart Hotel Rate’s software looks at every hotel stay within minutes of booking and compares it against your previously validated and loaded negotiated rate and discount data. Easy-to-use dashboards lead you to further savings opportunities.



- **TRIPBAM**

TRIPBAM audits rates and fares in every reservation based on negotiated supplier contracts. If issues are found, the reservation is automatically changed to apply the contracted discount. Analytics are provided to grade supplier performance and measure true savings as compared to publicly available rates and fares.

TMCs also support their clients with efficient hotel program optimization, freeing up resources and reducing manual reporting and reconciliation.

What is the cost of rate auditing?

The cost of the Smart Hotel Rate service is based on the savings realized when hotel rate discrepancies are identified and corrected. The cost for TRIPBAM depends on the number of bookings audited and the suite of services selected. The pricing model can be a percentage of savings, transaction fee, or flat fee each month.

Both companies may have other options available depending on your unique travel program, so it is best to discuss pricing details directly with the rate auditing supplier.



RE-SHOPPING

What is re-shopping?

The prices of hotels, flights and car rentals are constantly changing between when they're purchased and when they're complete. During this window, travel managers can leverage re-shopping — the price assurance strategy that allows companies to capitalize on fluctuating prices. While re-shopping is typically used for hotel bookings, more flexible flight cancellation policies in our post-COVID world create new opportunities to re-shop air bookings.

When a lower price is identified within the cancellation window, the booking may be canceled and rebooked at the lower rate. In some cases, re-shopping even results in upgrades for the traveler. A few re-shopping providers, like TRIPBAM, can also search for lower rates/fares at alternative hotels and airlines.

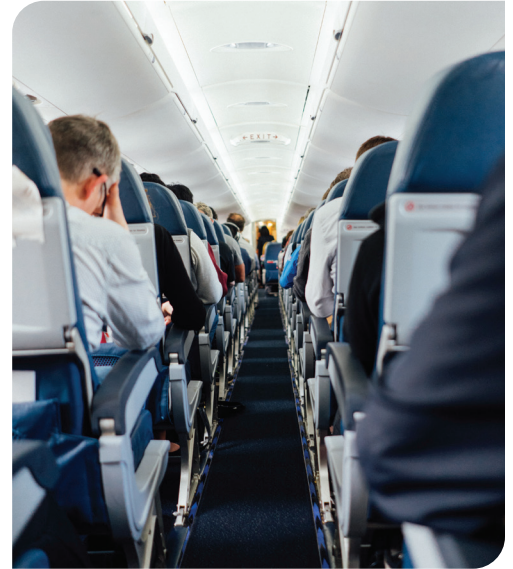
Re-shop services often use the following methods to identify savings opportunities.

Re-shopping methods for hotels:

- Lower price on the same room/bed type at the same hotel
- Lower price on a similar room/bed type at the same hotel
- Lower price on a similar room/bed type at a nearby hotel

Re-shopping methods for airfare:

- Lower price on the same airline ticket on the same flight
- Lower price on a similar flight with the same dates/times, origin and destination
- Lower price on a different airline or less direct flight route with similar dates/times, origin and destination



What are the outcomes of re-shopping?

The focus of re-shopping is to ensure that all eligible bookings can be optimized, equating to significant travel program savings. For example, Coupa Travel Saver states that its average user saves \$369 per trip across hotel and air. However, Coupa Travel Saver is no longer available as a stand-alone product. It's only available to users of Coupa's other business management tools.

TRIPBAM reports its clients save 3% to 5% on hotel spend by re-shopping the same hotel after booking. According to TRIPBAM CEO Steve Reynolds, an additional 10% to 15% can be saved by auditing contracts with suppliers, continuously sourcing new deals, and removing poor-performing hotels as needed.

FairFly scans global flight and hotel prices using a comprehensive price tracker. Once a traveler books a flight or hotel room, FairFly's algorithms continue scanning the GDS alongside other sources for price drops so that bookings can be automatically re-shopped. According to FairFly, companies that capitalize on price fluctuations can save up to 4% on air spend.

What is the traveler's re-shopping experience?

The traveler experience varies for TMC and non-TMC bookings (e.g., made directly with suppliers). To minimize traveler impact, Coupa Travel Saver "only looks for price reductions and amenity gains on identical itineraries." Similarly, TRIPBAM be limited to only re-shop the same hotel or the same flight. However, if cost savings is the priority, TRIPBAM can also be configured to consider alternative hotels and airlines at a country, division, cost center and/or traveler level.

Which companies provide re-shopping services?

TRIPBAM is a pioneer in re-shopping and has been in business since 2013. Coupa's Travel Saver was launched after the 2019 acquisition of Yapta. FairFly has been offering re-shopping services on airline bookings since 2013 and announced their hotel re-shopping service extension in November 2021.

- **TRIPBAM** (Hotel and Air)
- **Coupa Travel Saver** (Hotel and Air)
- **FairFly** (Hotel and Air)

Re-shopping solutions provided by TMCs

Several TMCs offer re-shop services for their agency bookings. These may be powered by TRIPBAM or developed internally and include:

- **BCD Price Assurance** (Hotel and Air)
- **Amex GBT Hotel Rate Guarantee** (Hotel)
- **CWT Price Optimization** (Hotel and Air)
- **Campbell Travel Perpetual Rate Shopping** (Hotel)



What is the cost of re-shopping?

Rate re-shopping costs for hotel and air vary by provider. Usually, fees are charged on a gain-share basis (% of savings), per-transaction basis or bundled into a subscription fee. Again, rate re-shopping providers support multiple pricing models, so it is best to contact the providers directly for details.

Traxo empowers price assurance with complete booking data.

The price assurance solutions from TRIPBAM, Coupa, BTP Automation, Smart Hotel Rate, FairFly and TMCs save travel teams significant amounts of time and deliver better outcomes than handling price assurance in-house. Traxo enables organizations and their price assurance partners to achieve these gains for both TMC and non-TMC bookings.

Traxo automatically aggregates the data from all of your corporate travel bookings regardless of booking source. This complete visibility empowers all three price assurance methods — re-shopping, supplier negotiations and rate auditing — along with reducing corporate risk and improving traveler safety.











Don't Pick Just One Strategy

Buyers should be aware that these strategies will yield different amounts of benefit to every company as all travel programs are unique. We recommend that everyone do their homework and speak with the suppliers about the specifics of your program. The best approach to price assurance, though, is to use all three methods — supplier negotiations, rate auditing and re-shopping. This comprehensive approach ensures automated rate oversight, the continual optimization of supplier relationships and the best rates for each booking.

Because TRIPBAM, BTP Automation, Smart Hotel Rate, Coupa, FairFly and several TMCs are Traxo partners, it's easy to leverage complete data and achieve comprehensive price assurance. Without these strategies in place, you risk leaving significant dollars on the table.

Companies can implement Traxo in 30-minutes or less. Once deployed, the data aggregation process begins immediately, and all of your travel data is completely portable. Send relevant information to your price assurance suppliers continually to maximize program savings and policy compliance. To learn more about how Traxo can support your travel management goals, [contact us today](#).

PRICE ASSURANCE SUPPLIER INDEX

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